

DAILY REPORT

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FAMILY PLANNING OFFICIAL SPEAKS AT UN SESSION

OW310840 Beijing XINHUA in English 0818 GMT 31 Jan 87

[Text] United Nations, January 30 (XINHUA) -- China will be confronted with new problems created by another wave of population growth as children born in the peak period of 1960 are entering their child-bearing age.

China's population growth rate dropped to 1.1 percent by the end of 1985, however, the absolute number [which] increased to 1.045 billion excluded those in Taiwan, Hong Kong and some other regions.

Chang Chongxuan, vice minister of China's State Family Planning Commission, said here yesterday: "China's population will reach 1.3 billion by the year 2000 if the present rate is kept in the next 14 years."

Chang said at the United Nations Population Commission which began its 24th session this week that the population issue would be "a great challenge to China's economic and social development and its modernization process" and "China has no choice but to implement its population policy."

"Family planning has become one of the Chinese Government's priority areas," he said.

China's birth control policy attempts to regulate birth so that the population growth will be in keeping pace with China's socio-economic development, Chang said.

The policy is in line with the principles of the world population plan of action and China enjoyed support from the international community in pursuing its policy, said the vice minister.

However, he noted, this policy had been misunderstood by some people outside China. The policy of one couple-one child adopted in China since 1979 is a measure taken in view of China's huge population base, Chang pointed out. It does not mean that a couple could have only one child in all cases.

He said that coercion in the implementation of the policy had occurred, but it was by no means by government consent. "Coercion is in violation of the government's desire for voluntary compliance" and "those who violated the enforcement policy have been subjected to disciplinary measures."

China is still relatively weak in population training, communication and analysis of data, said Chang.

He hoped that the United Nations would render assistance in those fields.

MACHINE INDUSTRY WELCOMES FOREIGN COOPERATION

OW221330 Beijing XINHUA in English 1326 GMT 22 Jan 87

[Text] Beijing, January 22 (XINHUA) -- China's machine-building industry is looking forward to expanded economic and technological cooperation and exchange with foreign countries, a Chinese minister said here today.

Proposing a toast at a Spring Festival reception for representatives from foreign firms and enterprises here tonight, Minister in Charge of the State Commission for the Machine-Building Industry Zou Jiahua said; "We will not only import the needed products and technologies suitable for the development of the machine-building industry in China, but also work hard to export machinery and electrical products and complete sets of equipment."

He said China welcomes all foreign friends who are interested in China's construction to invest in the country's machine-building industry.

Klaus Leifeld, director of the Department for Promotion and Implementation of China Projects of the SMS Schloemann-Siemag Company of the Federal Republic of Germany, spoke on behalf of representatives from foreign firms and enterprises present.

"With spring approaching, we hope in this year, ties among us will be made closer, cooperation be further strengthened, friendship be developed faster and trade expanded," he noted.

ENVOYS TO PORTUGAL, OTHER AREAS NAMED

OW290021 Beijing XINHUA Domestic Service in Chinese 0704 GMT 28 Jan 87

[Text] Beijing, 28 Jan (XINHUA) -- In accordance with the decisions of the NPC Standing Committee, President Li Xiannian of the People's Republic of China appointed and removed the following ambassadors:

1. Chen Ziyang [7115 3320 5391] is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Portugal. Lu Jixin is removed from the post of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Portugal.

2. Dai Shiqi [2071 6108 3825] is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Equatorial Guinea. Liu Fangpu is removed from the position of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Equatorial Guinea.

3. Xie Zhenliu [6200 2182 7511] is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Senegal and concurrently ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Gambia. Liang Feng is removed from the position of the People's Republic of China's ambassador extraordinary and plenipotentiary to the Republic of Senegal and concurrently ambassador extraordinary and plenipotentiary to the Republic of Gambia.

OFFICIALS FETE DELEGATIONS FROM U.S.

Wax Products Venture Planned

OW050904 Beijing XINHUA in English 0856 GMT 5 Feb 87

[Text] Beijing, February 5 (XINHUA) -- Chinese State Councillor Zhang Jingfu met here today Samuel C. Johnson, chairman of S.C. Johnson and Son, Inc. of the United States, and his party.

Johnson and Son is a family corporation mainly engaged in manufacturing wax products, insecticides and cosmetics. Johnson and his party are scheduled to sign an agreement with a Shanghai chemical plant on establishing a joint-venture enterprise.

The joint venture, with a total investment of over eight million U.S. dollars, will produce shoe polish, wax products, insecticides and cosmetics.

The U.S. visitors will also talk with Shanghai officials on joint production of backpacks and tents for tourists, and donate some equipment to a factory in Nanjing.

Johnson and his party arrived here Monday at the invitation of the Chinese Light Industry Ministry. They were welcomed at a dinner hosted by Chinese Minister of Light Industry Yang Bo here yesterday.

California Physician Welcomed

OW271212 Beijing XINHUA in English 1117 GMT 27 Jan 87

[Text] Beijing, January 27 (XINHUA) -- Yang Jingren, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met and feted Daniel K. Wong M.D., vice-mayor of Cerritos of California State of the United States, and his party here tonight.

Since his arrival in China on January 16, Daniel K. Wong has given lectures on cardiopulmonary resuscitation for his Chinese counterparts in Guangzhou, Hangzhou, Shanghai and Nanjing.

BORDER, SRV RESIDENTS MARK SPRING FESTIVAL

OW311142 Beijing XINHUA Domestic Service in Chinese 0645 GMT 31 Jan 87

[By reporter Deng Guotian and correspondent Liang Senrong]

[Excerpts] Nanning, 31 Jan (XINHUA) -- The Zhuang villages in eastern Guangxi along the motherland's southern border have been enjoying warm sunshine, gentle breezes, and birds' songs the past several days. [passage omitted]

Jiangxi, Napo, and Debao are counties where people of the Zhuang nationality live in compact communities in areas adjacent to Vietnam. For this year's Spring Festival, government organs in various Zhuang villages have planned all kinds of cultural and sports activities in an effort to help the local people change their prevailing habits and customs. Since late January, soccer, table tennis, badminton, billiards, chess, martial arts, and fishing contests have been held in all counties, townships, and towns. Some counties, townships, and towns have also sponsored literature and art shows; calligraphic, art, and photographic exhibitions; folksong concerts; or poem recitations. [passage omitted]

On 27 January, these reporters attended a get-together at a small hillside space along the Sino-Vietnamese border. The music, songs, dances, and other shows performed on an open stage warmly praised the border inhabitants' achievements in the four modernizations under the party's leadership, as well as Sino-Vietnamese people's traditional friendship. The jubilant drumbeats and music attracted many border inhabitants of the two countries. Many Vietnamese border inhabitants spent long hours shopping for Spring Festival goods and watching programs. A Vietnamese border inhabitant told us: "China has changed a lot in recent years. Not only do you have many goods for the Spring Festival, but the festival is also more exciting than what we have on the other side." [passage omitted]

MEDIA CENTER ACCORD SIGNED; GU MU ATTENDS

OW261214 Beijing XINHUA in English 1046 GMT 26 Jan 87

[Text] Beijing, January 26 (XINHUA) -- Three Chinese and Australian companies have decided to build an International Broadcasting and Television Exchange Center (IBTEC) in western Beijing. The center, with a floor space of 40,000 square meters, is scheduled to be completed by late 1989, in expectation of the eleventh Asian Games to be held in the Chinese capital in 1990.

Located between the Military Museum and the newly-built Central Color Television Center, IBTEC is designed also to provide comprehensive services for broadcasting and television, interviewing, film production, news distribution and cooperative filming etc. for people from other countries.

A contract for building IBTEC was signed here today by representatives from the China International Television Service Company, the China National Instruments Import and Export Corporation and the Party China Development Corporation Ltd. which is a subsidiary company of the Parry Corporation Ltd of Australia.

Chinese State Councillor Gu Mu attended the signing ceremony in the Great Hall of the People.

MEDIA ANALYZE INDIA-PAKISTAN TENSIONS

RENMIN RIBAO Favors Peace

HK041038 Beijing RENMIN RIBAO in Chinese 31 Jan 87 p 3

["Jottings" by Shan Ren (1472 0086): "Prospects for Relaxation"]

[Text] It has been learned that officials of both India and Pakistan hope to "relax the tension on the border." The Pakistani prime minister has even expressed willingness for the holding of consultations with India at any level. The international community hopes to see the prospects for relaxation of the tension on the Indian-Pakistani border.

India and Pakistan are two major nations in South Asia. Both face the arduous task of developing their economy and following an independent and nonaligned foreign policy. The relations between the countries not only affect peace and development in South Asia but are also closely related with the maintenance of world peace. The tension on the Indian-Pakistani border recently arose in Punjab. The recent development of events has aroused Pakistan's suspicion and worries. If the two countries can trust each other and go into consultations in a friendly way, it will not be difficult to resolve their problems. Officials of both countries have now expressed willingness to ease their border tension through dialogue. This is a welcome development. It is therefore hoped that they will sit at the negotiating table at an early date.

XINHUA Hails Troop Withdrawal

OW050755 Beijing XINHUA in English 0744 GMT 5 Feb 87

[News Analysis: Indo-Pakistan Agreement -- First Step Toward Relaxation of Border Tensions" -- XINHUA headline]

[Text] New Delhi, February 4 (XINHUA) -- After five days of intensive talks and hard bargaining, India and Pakistan finally agreed to a partial withdrawal of troops from the forward positions in the northern sector of their border, thus avoiding a seemingly imminent military confrontation.

This a sensible move, a move which has resulted directly from the realization on the part of the leaders of both countries that no military confrontation is in the national interests of their countries or in the interests of regional peace.

However, this move, as was stated in the agreement signed by A.S. Gonsalves, secretary in the Indian External Affairs Ministry, and Abdul Sattar, Pakistan foreign secretary, here this evening, is only "the first step," a limited progress toward an all-round relaxation of tensions along the border.

While India has pointed out that Pakistan deployed large numbers of troops along the border opposite to India's Punjab State, Pakistan has made it clear that it was very much concerned over India's military exercises involving 200,000 troops presently being staged in northern Rajasthan, a border state neighboring Pakistan's Sind Province.

The tensions are now somewhat eased but the border crisis is not at all over until "concrete de-escalation measures" are taken by the two countries to pull their troops back to "peace time locations" on both sides of the border in the middle and southern sectors.

What makes thing hopeful is the fact that the two neighboring countries have agreed to continue their discussions in Islamabad later this month. The most important factor that prevents relations between the two South Asian countries from further deteriorating is that none of them is prepared to go in for war as both of them know very well that none of them can afford one.

USSR OFFERS MIG-29 TECHNOLOGY TO INDIA

OW050840 Beijing XINHUA in English 0826 GMT 5 Feb 87

[Text] New Delhi, February 5 (XINHA) -- The Soviet Union has offered India the latest technology to manufacture in the country the MiG-29 multirole combat aircraft, local newspapers reported today.

The offer was made by Soviet Aviation and Industries Minister A.S. Systov who arrived here yesterday, leading a 25-member delegation for a ten-day official visit.

India has the option of manufacturing the aircraft while receiving deliveries of a certain number of them in fly-off conditions. The aircraft is rated highly in the aviation circles here and said to be capable of meeting the requirement of the Indian Air Force.

If a final decision is taken on its manufacture in India, it is likely to be carried out at the Nasik unit of the Hindustan Aeronautics Limited (HAL). Nasik is a town in Gujarat State near Bombay.

The Soviet delegation is scheduled to visit defense installations at Visakhapatnam, Hyderabad and Nasik.

India has been producing the Mig Aircraft for a number of years and has modified the MIG-21 which is considered the future backbone of the country's Air Force.

India has already acquired the most formidable Soviet frontline fighter the MiG-29 which, according to defense observers, is superior to U.S.-made F-16's.

INDIA TO EXPAND COAST GUARD WITH SHIPS, PLANES

OW020948 Beijing XINHUA in English 0751 GMT 2 Feb 87

[Text] New Delhi, February 2 (XINHUA) -- The Indian Government has planned to expand the Coast Guard to patrol the country's coast line and its "exclusive economic zone."

The local press today quoted I.S. Kharana, director general of the Coast Guard, as saying that the Coast Guard, established 10 years ago on February 1, would have 12 large off-shore vessels and 80 Dornier aircraft by 1990.

India is presently manufacturing Dornier aircraft under a Federal German license.

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Under the present plan of expansion, the Hindustan Aeronautics Limited in Kanpur would provide the Coast Guard one Dornier every two months from next year.

However, he commented that despite the immense tasks and an ambitious expansion program, the Coast Guard still lacks technical personnel and the service conditions are not up to the mark.

ZIAUL TERMS PAKISTAN-PRC RELATIONS 'EXCELLENT'

OW261244 Beijing XINHUA in English 1139 GMT 26 Jan 87

[Text] Kuwait, January 26 (XINHUA) -- Pakistan President Ziaul Haq urged here an early withdrawal of Soviet troops from Afghanistan which he described as a key to a political settlement on the Afghan problem.

The president was addressing a gathering of [the] Pakistan community in Kuwait last night after his arrival here to attend the Fifth Islamic Summit due to open here this evening.

He said that the Soviet intervention in Afghanistan and the presence of three million Afghan refugees in Pakistan have placed his country in a difficult situation.

He said, however, that the Soviet Union has taken "positive step" recently by expressing the desire to settle the Afghan problem and improve relations with Pakistan.

He disclosed that Pakistan Foreign Minister Yaqub Khan will visit Moscow soon before the Afghan talks open in Geneva.

He described Pakistan's relations with China as "excellent" and urged India to improve its relations with Pakistan.

"When Pakistan can have excellent relations with a country like China why it can't have normal relations with India and the Soviet Union?" he asked.

Pakistan has been trying for the past 10 years to normalize relations with India and hopes to convince India that Pakistan is not a threat to India, he said.

CPC DELEGATION ENDS VISIT TO SYRIA 26 JAN

OW262059 Beijing XINHUA in English 1439 GMT 26 Jan 87

[Text] Damascus, January 26 (XINHUA) -- The Chinese Communist Party Delegation led by Zhu Liang, minister of the party's Foreign Relations Department, left here for home today after concluding a five-day visit to Syria.

This is the first Chinese party delegation paying an official visit to Syria since the establishment of formal relations between the Chinese Communist Party and the Syrian Arab Ba'th Socialist Party last March.

Assistant General Secretary of the Syrian Arab Ba'th Socialist Party Abdallah Ahmar [name as received] met Zhu Liang and his delegation Sunday. Both sides expressed the hope that the relations between the two parties would be further developed.

Zhu Liang said that the Chinese Government and party support the just struggle of the Syrian and Arab people for restoring their deprived rights and the Palestinian people's struggle for their legitimate rights. Abdallah Ahmar highly praised Chinese stand in supporting the Arab cause.

During its stay, the Chinese delegation held discussions with the Syrian party delegation on further development of the relations between the two sides and exchanged experience on party works. It also visited Ba'th party branches in Damascus and Homs.

The delegation arrived here on January 21 after concluding its visits to Gabon, Cameroon, Kenya and Egypt.

ENVOY SIGNS SUDANESE TRAINING CENTER AGREEMENT

OW220441 Beijing XINHUA in English 0246 GMT 18 Jan 87

[Text] Khartoum, January 17 (XINHUA) -- An agreement on the construction of the China-aided Omdurman Friendship Vocational Training Center was signed here today.

Liu Hua, Chinese ambassador to Sudan, and Walter Koni Juwak, Sudanese labour minister, signed the agreement on behalf of the two parties.

At the projected centre, there will be four training branches to cover 16 types of jobs involving civil engineering, mechanical processing, electrical equipment and car repairing. The center can train 500 people each term with equipment and tools provided by China.

The project will be financed by China with a loan of 16 million yuan (about 6.3 million dollars) and constructed by Sudanese workers with Chinese technicians' help.

JAMAICAN PRIME MINISTER HAILS TIES WITH PRC

OW050829 Beijing XINHUA in English 0652 GMT 5 Feb 87

[Text] Kingston, February 4 (XINHUA) -- Jamaican Prime Minister Edward Seaga expressed satisfaction here today with the cooperation in various fields between Jamaica and China.

Receiving Chinese Ambassador Wu Jiaxuan, Seaga stressed that he valued the economic cooperation between the two countries.

Prime Minister Seaga praised the Chinese bamboo experts who have been working in Jamaica over the past year training bamboo weavers, saying the Chinese efforts will give the Jamaican bamboo industry a boost.

A draft agreement was signed between the two countries last year on a joint venture textile mill, which will create an estimated 500 jobs.

Seaga described the draft agreement as "important" and said he hoped the agreement would be completed quickly.

Ambassador Wu pledged to make every effort to promote political, economic and cultural relations between China and Jamaica.

CHU TUNAN SPEAKS AT LATIN AMERICAN AMITY MEETING

OW232323 Beijing XINHUA in English 1717 GMT 23 Jan 87

[Text] Beijing, January 23 (XINHUA) -- The China-Latin America Friendship Association held a council meeting here this afternoon.

Chu Yunan, vice-chairman of the National People's Congress Standing Committee and president of the association, said at the meeting that the relations between China and the Latin American countries have gone through three stages: beginning in the 1950's, development in the 1960's, and establishment of diplomatic relations in the 1970's.

He noted great progress in developing friendship between China and the Latin American countries over the past 30 years, particularly in the 1980's.

"But there are still many areas to be explored," he said.

BRIEFS

SINO-CANADIAN SCIENCE CENTER -- A science and technology center, jointly built by China's Jiangsu Province and Canada's Province of Ontario, opened here today. The center will promote cooperation between the two provinces in economy, science, technology, and trade. It will sponsor academic forums, host technical equipment exhibitions and provide training to workers to Jiangsu enterprises. With a floorspace of 3,250 square meters, the center began construction in March 1986. Jiangsu and Ontario established friendship ties in 1985. [Text] [Beijing XINHUA in English 1047 GMT 10 Jan 87 OW]

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C H I N A
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NEW PROPAGANDA CHIEF WANG RENZHI PROFILED

EK050158 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1013 JMT 4 Feb 87

[Text] Beijing, 4 Feb (ZHONGGUO TONGXUN SHE) -- CPC Central Committee member Wang Renzhi has been appointed director of the CPC Central Committee Propaganda Department.

Wang Renzhi is a native of Wuxi, Jiangsu. In the 1950's, he studied in the teachers research class of the China People's University. Later, he worked in the CPC Political Research Office, the Shoudu Iron and Steel Corporation, the Marxist Research Institute, the CPC Beijing Municipal Party School, and the Policy Research Office under the State Planning Commission. Prior to his appointment to direct the CPC Central Committee Propaganda Department, Wang Renzhi was the deputy chief editor of the CPC Central Committee theoretical journal "HONGQI."

According to a well-informed source, Wang Renzhi is of the intellectual type. He is suave and steady in handling affairs.

On 27 January, the day before Wang Renzhi took office, "GUANGMING RILAO" carried on its front page an article originally published in "HONGQI," a long summary of a forum on opposing bourgeois liberalization by the "HONGQI" Editorial Department. At the forum in question, Wang Renzhi said: The central task in the political and ideological field in 1987 is to oppose bourgeois liberalization, to consolidate and develop the situation of stability and unity, and to guarantee that the construction, reform, and opening up will march along the socialist road. All of us are engaged in ideological and theoretical work. We should earnestly implement the intentions of the central authorities and correctly carry on the struggle of opposing bourgeois liberalization. We should genuinely adopt a clear-cut stand, and take a firm attitude, steady steps, and appropriate measures, so as to avoid mistakes and "leftist" deviations.

Zhu Houze, the former director of the CPC Central Committee Propaganda Department, has been transferred to the State Council Rural Development Research Center as deputy director.

QU WU ELECTED CHAIRMAN OF KMT COMMITTEE

OW050940 Beijing XINHUA in English 0927 GMT 5 Feb 87

[Text] Beijing, February 5 (XINHUA) -- Qu Wu, 89, was elected chairman of the Revolutionary Committee of the Chinese Kuomintang (KMT) at a plenary session of the committee today.

The committee is one of the eight non-communist political parties in China. And Qu was elected acting chairman in September 1985 to fill the vacancy left by former Chairman Wang Kunlun, who died the same year.

Qu Wu, born in Weinan County, Shaanxi Province, joined the KMT in his youth and was once an alternate member of the KMT's Second Central Executive Committee. During the period of the first Kuomintang-communist cooperation, he studied at Sun Yat-sen University and the Army Academy in the Soviet Union.

After returning to China, he served as head of the Division for Advisors' Affairs in the KMT Military Council, instructor at the KMT Army Academy, and mayor of Dihua (now Urumqi) in Xinjiang.

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In 1949, he was advisor to the KMT delegation for peace negotiations with the Communist Party. In September of the same year, he took part in an anti-Kuomintang revolt in Xinjiang.

After the founding of New China in 1949, he served as deputy secretary-general of the Government Administration Council and deputy secretary-general of the Standing Committee of the National People's Congress. He is now a vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

CHINA TO BEGIN USING NUCLEAR POWER FOR HEATING

OW050748 Beijing XINHUA in English 0716 GMT 5 Feb 87

[Text] Beijing, February 5 (XINHUA) -- A container for housing the reactor of a low-temperature nuclear heating system was completed in the Harbin Boiler Factory early this month.

This is the first nuclear powered heating system in China, according to the "SCIENCE AND TECHNOLOGY DAILY". Such a system is also rare in the world, the paper said, adding: "It shows China's peaceful utilization of nuclear energy has entered a new sphere."

The system, having a generating capacity of 5,000 kw, is to be installed in Qinghua University for scientific testing and heating. The reactor will be put on show at a meeting of peaceful use of nuclear power in the Asia and Pacific region in November, the paper reported.

Last year, the factory had a series of tests on its safety shell, shields and containment area. The gamma ray, ultra-sound wave, magnetic power and other tests show that the device is up to technical requirements, the paper said.

Harbin will also build a 450,000 kw nuclear heating system based on the smaller one, it said.

PAPER ON CONSEQUENCES OF U.S.-STYLE CAPITALISM

HK050450 Hong Kong Commercial Radio in English 0430 GMT 5 Feb 87

[Text] An official Chinese newspaper has warned people in the country that American-style capitalism and politics lead to drug abuse, alcoholism, homosexuality, and AIDS. The BEIJING RIBAO also criticized the gap between the rich and the poor in the United States. It was the harshest attack yet on American capitalism in the continuing campaign against liberalist policies.

RENMIN RIBAO WARNS ABOUT AMERICAN STYLE DEMOCRACY

HK050424 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 5 Feb 87 p 8

[Article by Wang Ran (3769 0373): "Beginning the Talk From the American Students' Surprise" -- originally published in "BEIJING QINGNIAN BAO," 21 Jan 1987]

[Text] When some Chinese college students were demanding Western "democracy," many American students in Hawaii asked me in surprise: "Don't we have democracy?"

This is an interesting question. Do they really have democracy?

In September and October of last year when the election of state governors and congressmen, which is held every 4 years, was taking place in the United States, I had an opportunity to observe and study the whole process very carefully. I also read some relevant information and directly exchanged views with quite a few Americans. I finally came to the conclusion that laying aside the important role of financial resources in the election, there were many factors in the campaign and election procedures which run counter to the principle of democracy.

Some students in China know very little about political life in Western countries but believe, spread, or even fabricate Western "democracy," thus becoming the laughingstock in the end. They do not know that democracy must serve and be beneficial to the people. If we easily take to the streets, hold demonstrations, block traffic, and affect normal social life, it will be disadvantageous to others, to ourselves, to the country's stability and unity, and to the normal operation of our society, which has nothing to do with "promoting democracy."

Holding mass rallies and demonstrations are indeed permitted in the United States, but all these activities must not affect others. If traffic is blocked and chaos results, the police will immediately arrest people. In comparison, our government mainly resorts to persuasion and admonishment, and is indeed democratic and lenient.

Of course we must do our best to promote democracy, but this must be done on the basis of having a profound understanding of the concept of democracy. If we study China's history, we will easily find that Western "democracy" is absolutely unsuitable to China. If we study Western "democracy," we will find that even if we totally copy their "democracy," we cannot achieve genuine democracy. Therefore, the mission of our younger generation is to serve the interests of the people and state and to gradually build our own socialist democratic system.

PRC WILL NOT CHANGE ITS OPENING UP POLICY

HK040745 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0940 GMT 3 Feb 87

["Roundup" by Li Chun (2621 2504): "China Will Neither Change Its Determination Nor Dampen Its Enthusiasm for Opening Up to the Outside World"]

[Text] Beijing, 3 Feb (ZHONGGUO XINWEN SHE) -- Will the personnel changes in CPC's top echelon affect China's policy of opening up to the outside world? This is a focal point that has drawn great attention from people at home and abroad. After quietly observing various indications over the past few days, we can draw the following conclusion: China will neither change its determination nor dampen its enthusiasm for opening up to the outside world. Far from slowing down, the pace of opening up will be quickened.

Opening up to the outside world has been listed as a basic national policy in China. Before and after the personnel changes in the CPC's top hierarchy, Deng Xiaoping categorically indicated on several occasions that the policy of opening up to the outside world would not change. At a meeting with Arvo Aalto, chairman of the Finnish Communist Party, he stressed that current Chinese policies were successful, particularly the policies of reform and opening up. [paragraph continues]

Later, at a meeting with Zimbabwean Prime Minister Robert Mugabe, he further pointed out: If there are any shortcomings in our opening up to the outside world, the main problem is that we have not opened wide enough.

When meeting foreign guests for the first time in the dual capacity of acting General Secretary of the CPC Central Committee and premier of the State Council, Zhao Ziyang pledged that personnel changes in the CPC's top hierarchy would not affect the established policies and that the policy of opening up to the outside world would not change but would attain new developments both in intensity and extent. At the Spring Festival party last Thursday, he reaffirmed this view.

The reason is very clear. The policy of opening up to the outside world has been collectively worked out by the CPC and has been supported by the people throughout the country. It will not change with the appointments or dismissals of individual leaders. In fact, after 8 years of hard work, a multi-level and selective pattern of opening up to the outside world comprising "the special economic zones -- coastal open cities -- coastal economic zones -- hinterland," gradually fanning out from the coastal areas to the hinterland, has taken shape in China. A relatively ideal and competitive investment climate is developing.

Statistics show: Of the over 3,210 Sino-foreign joint ventures, over 4,390 cooperative enterprises, and 138 foreign-owned enterprises set up between 1979 and 1986, upon approval about half have started business or gone into production. Meanwhile, the coastal open cities have imported more than 4,000 items of important technological transformation, and the open coastal economic zones have set up more than 300 fairly large export bases for agricultural and sideline products. Foreign-related enterprises can be found in all trades and professions of the national economy and foreign-related economic sectors account for an important proportion in the state economy. They have established close ties with the world economy. This shows that, having had a solid material basis, the policy of opening up cannot be easily reversed.

Foreign businessmen with foresight in China also expressed their relief over the continuity of Chinese policies. On the second day after the personnel changes in the CPC's top hierarchy were announced, a foreign investment fair was held in Fuzhou City. With great enthusiasm, several hundred foreign businessmen from a dozen or so countries and regions successfully held trade talks on over 30 items, which practically involved \$27 million in foreign capital, accounting for some 50 percent of the foreign capital used by the city last year. Beijing attained very good results in opening up to the outside world last year and most foreign businessmen arriving in Beijing are optimistic about investment prospects. The other day a joint venture club was set up, with the general manager of a successful joint venture elected club president.

In an effort to improve the investment climate further, the various localities are intensifying their efforts to implement the 22-point State Council regulations on encouraging foreign investments. A number of detailed rules and regulations have been promulgated. Recently, the Ministry of Foreign Economic Relations and Trade also made public three detailed measures for implementing the 22-point regulations to encourage foreign businessmen to invest in export products and advanced technology enterprises. It has also simplified procedures to help enterprises set up with foreign investments achieve a balance in foreign exchange. It has been learned that another dozen or so detailed rules and regulations will be formulated in a month or two. The regulations concerning foreign nationals and firms have initially developed into a system and are being gradually perfected. They serve as a legal guarantee for the policy of opening up to the outside world.

Meanwhile, the State Council is trying to set up a special institution to manage Sino-foreign joint ventures and cooperative enterprises and is making experiments in Qingdao and Yantai to further improve the investment climate, to simplify procedures in making reports to the relevant authorities, and to enable overseas investors to enjoy more decisionmaking power.

It has been learned that, in a bid to speed up steel industry development, China has set up a leading group on the use of foreign capital. This shows that the policy of opening up has gone deep into the key departments of the national economy.

As for "opposition to bourgeois liberalization," which some people worry will affect the opening up, the CPC Central Committee has explicitly defined its scope. In an editorial yesterday, the official RENMIN RIBAO pointed out: This struggle should be strictly confined within the CPC and chiefly carried out in the political and ideological fields. It will not be linked to the policies on economic reform, the rural policies, scientific and technological research, and experiments in the style and technique of literature and art. It is absolutely impermissible to obstruct the implementation of the policies of reform, opening up, and economic invigoration in opposing bourgeois liberalization. Therefore, although it is reasonable to worry that opposition to bourgeois liberalization will lead to a change in the policy of opening up to the outside world, it is nonetheless groundless.

GUANGMING RIBAO ON DEMOCRACY, CENTRALIZATION

HK040631 Beijing GUANGMING RIBAO in Chinese 22 Jan 87 pp 1, 4

[Commentator's article: "Running Affairs According to Law, Correctly Handling the Relationship Between Democracy and Centralization -- Also Commenting on the Erroneous Views Concerning 'Democracy' Put Forward by Fang Lizhi and Others"]

[Text] The relationship between democracy and centralization is the key to a correct understanding of socialist democracy. It is one of the subjects much talked about during the past few years, and one of the questions that has become confused for some people as well. For example, Fang Lizhi advocated that democracy "is centered on 'myself.'" He repeatedly said that "in my opinion, democracy is not given by the higher authorities to the lower," and that "what is given by the higher authorities cannot be called democracy." He even negated the formulation of "promoting democracy." He said that the essence of democracy is that "no one is afraid of the others," and urged people to maintain and expand this by every possible means, including radical measures from below. These specious arguments misled a number of people, especially some young people who are still quite inexperienced in life. As a result, some erroneous viewpoints became the ideological basis and weapons for a small number of university students in their recent "great democracy" drive.

It is necessary to criticize the above erroneous viewpoints of Fang Lizhi so that confused ideas can be clarified.

Socialist democracy has always meant that "the people are the masters of their own houses." This is clearly stated by China's Constitution, which says: "All power in the PRC belongs to the people. The organs through which the people exercise state power are the National People's Congress and the local people's congresses at different levels. The people administer state affairs and manage economic, cultural, and social affairs through various channels and in various ways in accordance with the law." (Article 2 of General Principles) [paragraph continues]

Of course, democracy is not, and never has anyone said it to be, "given" by any person, nor has it fallen from the skies. It is a great achievement made by the people of all nationalities through more than 50 years of arduous revolutionary struggles under the leadership of the CPC. As to the formulation of "promoting democracy," which has often been emphasized by our party and state, it means that our cadres must develop a democratic style of thinking and work. There is nothing wrong with this formulation, despite the fact that it cannot replace, and nobody wants it to replace, socialist democracy, which means "the people are the masters of their own houses."

When we understand the true meaning of "democracy" and the difference between "the people are the masters of their own houses" and "promoting democracy," we must also correctly understand and handle the relationship between democracy and centralization. Contrary to the argument that "democracy and centralization means 'you talk about democracy, and I make all views center on the basis of mine,'" in many important documents, we always emphasize "centralization on the basis of democracy and democracy under centralized guidance." We must never waver on this basic principle for correctly handling the relationship between democracy and centralization correctly.

Of course, it is not enough for us to only have the basic principle, we must make it a code of conduct for the people. To all citizens, this code of conduct is the state law. The law embodies and protects both democracy and centralization. Democracy and centralization form the unity of opposites and are related with each other, and the law is the point of their unity and combination. Thus, if we handle affairs according to law, we will be able to handle the relationship between democracy and centralization correctly and appropriately.

Why do we say this?

We must first look at the essence of law. According to the Marxist viewpoint, law is the will of the state and the will of the ruling class. In a socialist country, the ruling class is the entire people led by the working class. Therefore, the law of a socialist country is an expression of the will of the entire people, led by the working class. Socialist democracy means the people are the masters of their own houses. Thus, being an expression of the people's will, the law naturally reflects and acknowledges the people's position as masters. Therefore, it is an expression of democracy. On the other hand, being a code of conduct backed by the compulsory force of the state, the law is binding on all citizens and must be observed by all people. Thus, it is also an expression of centralization.

Then let us look at the form of expression, that is the framework, of the law. Generally speaking, the framework of the law refers to what people are and are not permitted to do by the law and what the consequences will be. Like a sharp double-edged sword, the law protects the people who act in accordance with it and punish those who do not. Take freedom and democratic rights for example: Contrary to Fang Lizhi's argument that "in our propaganda over the past 30 years or so, we have almost given the (foreign) bourgeoisie all the good things such as freedom, democracy, and human rights (Banner)." [as published] In China's fundamental law, the Constitution, which is undoubtedly a great banner, in addition to the stipulation that "all power belongs to the people" also clearly stipulates the following in Chapter 2: the fundamental rights and duties of citizens; and that Chinese citizens enjoy freedom of speech, press, assembly, association, procession, demonstration, religious belief, person, and marriage. They also enjoy freedom and privacy of correspondence and the freedom to engage in scientific research, literature and art creation, and other cultural pursuits. [paragraph continues]

They have the right to criticize and make suggestions to any state organ or functionary, and the right to make complaints and charges against relevant state organs or expose violations of the law of dereliction of duty by any state organ or functionary. All the above freedoms and rights and those provided for by other laws belong to the category of what the people may or should do, are protected by state laws. Violations of these freedoms and rights will be punished by law.

However, there has never been absolute freedom and rights in the world. This is also recognized by bourgeois scholars abroad. For example, in the French Declaration of the Rights of Man and of the Citizen, which has been regarded as a model of bourgeois laws, it is clearly stipulated: "Freedom means the right to do things that are not harmful to others." What is the attitude of Marxists toward freedom? In an essay written in 1844, Marx pointed out after quoting some passages from the above declaration: "Freedom means the right to engage in all activities that are not harmful to other people. The limit of activities people may engage in which are not harmful to others is provided by the law." ("Collected Works of Marx and Engels," Vol 1, p 438) After listing a series of rights and freedom for our citizens, Chapter 2 of China's Constitution also says: "The exercise by citizens of the PRC of their freedoms and rights may not infringe upon the interests of the state, of society, and of the collective, or upon the lawful freedoms and rights of other citizens." (Article 51)

The Constitution is the fundamental law of the state, which only includes the principled stipulations on certain major problems, such as the fundamental system of the state, state organs, and the basic rights and duties of citizens. The specific laws and systems, including basic laws, general laws, and administrative rules and regulations, are worked out by the NPC and its Standing Committee respectively as well as local (provincial, regional, and municipal) people's congresses and their standing committees. China's legal system is composed of the Constitution, basic laws, general laws, and the administrative rules and regulations for the national or local authorities. They all have a legal effect and are coordinated with one another. For example, the Constitution stipulates that citizens enjoy the freedom of procession, but it does not and cannot provide specific methods and procedures for processions so that it "may not infringe upon the interests of the state, of society, and of the collective, or upon the lawful freedoms and rights of other citizens." Thus, it is necessary to work out concrete stipulations in this respect according to the Constitution. In an important speech delivered in 1980, Comrade Deng Xiaoping has already pointed out: "To ensure stability and unity, I suggest that state organizations adopt appropriate laws and decrees...these documents should also rule out marches and demonstrations unless they are held by permission and at a designated time and place." ("Selected Works of Deng Xiaoping," p 330) Recently, the Standing Committee of the Beijing Municipal People's Congress issued certain temporary provisions on citizens' marches and demonstrations in accordance with the Constitution and in light of the real situation. In these "temporary provisions," there are stipulations as to what the people may or should do and what they should not do during their marches. The "temporary provisions" are entirely legal and absolutely necessary. While protecting the citizens' freedom and right to take part in processions, they also help to avoid and stop some citizens from abusing this right to infringe upon the interests of the state and society, and upon the freedom and rights of other citizens. Once a state law is promulgated and comes into force, all citizens should strictly abide by it and should not violate it. "All those who violate the law shall be punished." There is no exception in implementing the "temporary provisions" on citizens' marches. If some people say that before the "temporary provisions" were promulgated, there were certain reasons or excuses for citizens to hold demonstrations and such action could be regarded as legal. Then after the promulgation of the "temporary provisions," if the citizens do not act in accordance with the Constitution and the "temporary provisions" and continue to hold demonstrations without authorization, there will be no reason at all, and their action will be regarded as a violation of the law or even a crime.

(Of course, we still do not favor the kind of marches held by a small number of university students in some cities at the end of last year, because quite a few of the marchers' slogans ran counter to the four cardinal principles, and their marches caused serious traffic blockage, brought about great economic losses to the state, and infringed upon the freedom and rights of others.)

We must clearly point out that violation of the law is treated differently before and after the law is promulgated. Before there are explicit stipulations, although the behavior of certain citizens may jeopardize society and should be opposed, it still cannot be regarded as a crime according to the measurement of the penalty principle and can only be dealt with in accordance with relevant laws. But once there are explicit stipulations in the form of law, any violation of the law should be punished accordingly, because the nature of the case has already changed and what the citizen has done does not only jeopardize society but also directly violates state law and jeopardizes the people's democratic dictatorship. If we still tolerate this deliberate violation and defiance of law without any punishment, we will be unable to maintain the dignity of law and ensure peace and stability in society.

Since the founding of the state, especially since the 3d Plenary Session of the 11th CPC Central Committee, we have made great achievements in our legislative work. According to incomplete statistics, China has already promulgated more than 2,000 laws and decrees. Along with the development of our socialist cause, more laws and decrees will continue to be promulgated. We have now worked out a plan for popularizing legal knowledge among the citizens within 5 years. The concept of the socialist legal system has been strengthened throughout the nation, and the idea of rule by law rather than rule by man has gone deep into the people's hearts. We are convinced that with the graduated perfection of the socialist legal system, China's socialist democracy will be further developed and the relationship between democracy and centralization will be better handled.

SHIJIE JINGJI DAOBAO ON STABILITY, UNITY

HK031447 Shanghai SHIJIE JINGJI DAOBAO in Chinese 19 Jan 87 p 4

[Commentary: "China Advances Along the Charted Course"]

[Text] While announcing a change in the choice of general secretary, the recent enlarged meeting of the Political Bureau of the CPC Central Committee pointed out that the whole party should continue to implement the line, principles, and various domestic and external policies of the CPC Central Committee laid down since the 3d Plenary Session of the 11th CPC Central Committee, to uphold the four cardinal principles, to oppose bourgeois liberalization, to take economic development as the key link, to muster all our resources to develop social productive forces, to carry out all-round reform and the policies of opening up to the outside world and invigorating the domestic economy, to develop socialist democracy, to perfect socialist legality, and to consolidate and expand the patriotic united front. This indicates the stability and continuity of China's policies. It has great significance.

When meeting foreign guests some time ago, Deng Xiaoping and Zhao Ziyang also talked on numerous occasions of the question of safeguarding stability and unity and ensuring the progress of economic development, reform, and opening up. Deng Xiaoping pointed out: Without political stability and unity, it is impossible to engage in construction, still less to open up and carry out reform; China must have political stability and unity and remove all obstacles on the road of socialist construction. [paragraph continues]

He also pointed out: The ideological trend of bourgeois liberalization can affect neither the stability and unity we have attained nor the policies of reform and opening up we have adopted for socialist construction. China will adhere to its current principles and policies, particularly the policies of reform and opening up, and China is currently facing two major tasks, namely, safeguarding world peace and developing the social productive forces. Zhao Ziyang also said: The reform of the Chinese economic structure will continue to advance on a stable basis. The reform situation is generally fine and there have not been any major problems. There have not been any major changes in the original basic plans: One is to safeguard state stability and unity and the other is to fully arouse the people's initiative, develop the economy, and build the country. They promote each other.

The communique of the enlarged meeting of the Political Bureau of the CPC Central Committee and the recent remarks of the Chinese leaders have enabled us to gain a clearer understanding of the way forward for China and to take firmer strides.

Safeguarding and developing political stability and unity has been our consistent policy since the 3d Plenary Session of the 11th CPC Central Committee held 8 years ago. One of the great contributions of the 3d Plenary Session of the 11th CPC Central Committee in contemporary Chinese history was to set things right, to end once and for all the violent upheavals of the 10 years of turmoil, and to open up a new period of stability and unity. It is precisely because of this political situation that our socialist modernization program can go on smoothly, that the reform and the opening up can constantly deepen and expand, that the people can gradually live a richer life, and that society as a whole can prosper.

The Chinese people profoundly know this from their own experience in the past. The previous upheavals, whether they were small or big and whether they affected the part or the whole, remain fresh in people's memories and, therefore, they heartily and fervently cherish today's stability and unity and try their utmost to safeguard and develop them. They work hard to prevent, remove, and struggle against all acts, ideological trends, and interference that undermine stability and unity. China cannot afford more upheavals. In China today, whoever wants to precipitate upheavals by whatever means and with whatever rhetoric will not be able to hold their ground and win the people's support. The people detest upheavals and tenderly cherish stability and unity. They protect stability and unity like the apple of their eye.

Because of the political stability and unity, the party was able to successfully shift the focus of its work to economic construction after the 3d Plenary Session of the 11th CPC Central Committee and to reverse, in a relatively short time, the dangerous situation in the national economy which was on the verge of collapse as a result of the 10 years of turmoil. In the following 8 years, the work of the whole country consistently centered on economic construction. The "resolution" approved by the 6th Plenary Session of the 12th CPC Central Committee last September even more explicitly stipulated: The overall scheme of China's socialist modernization is to take economic construction as the key link. Over the past 8 years, the social productive forces have substantially developed, the national economy has grown in a stable, steady, and proportionate way, and the people's living standards have markedly improved. The past 8 years has been the best period in every field since the founding of the PRC. Without taking economic construction as the key link we would have been unable to achieve all this.

The Chinese people also know this well from their own experience. If we had consistently concentrated our forces on developing the economy in the 30-odd years since the founding of the PRC, China would have presented another picture of prosperity today. [paragraph continues]

It is a pity that there were mistakes, which were not completely corrected until 8 years ago. Concentrating our forces on developing the economy and taking economic construction as the key link in the overall scheme of our modernization reflect not only the objective law guiding the socialist system but also the aspirations of the people. How can the people attain common prosperity if economic construction cannot develop? How can we bring into play the superiority of the socialist system if the social productive forces cannot develop? In China today, whoever undermines or interferes with economic construction, which serves as the key link, by whatever means and with whatever rhetoric, including the practice of bourgeois liberalization, thus affecting and even stifling economic development will surely be unable to hold their ground and to win the people's support. How the people look forward to the more solid and rapid development of the economic construction!

The policies of reform and opening up, which were also defined 8 years ago, have been constantly advancing. This is necessary for achieving the grand objective of socialist modernization -- creating socialism with Chinese characteristics. The tremendous successes China has scored over the past 8 years are inseparable from its persistence in carrying out reform and opening up to the outside world. We cannot imagine the emergence of such an excellent situation in the national economy under a rigid, outdated structure and under a series of "leftist" economic policies, such as closing the country to international intercourse and refusing to absorb foreign capital and to import advanced technology and managerial experience from abroad. Unswervingly pushing forward the reform and the policy of opening up is in keeping not only with the general trend of the world but also with the aspirations of the people in their hundreds of millions. The tide of reform and opening up is irreversible. Anyone who obstructs reforms and the policy of opening up by whatever means and with whatever rhetoric will surely be unable to hold ground and to win the people's support.

Upholding the four cardinal principles is the guarantee of stability and unity; it is also the guarantee of taking economic construction as the key link, carrying out reform, and opening up to the outside world. So long as we ensure and develop a political situation characterized by stability and unity, continuously concentrate our forces to develop the economy, uphold economic construction as the key link in all fields of endeavor, and unswervingly push forward the reform and the policy of opening up, the year 1987 will surely be one in which China takes big strides forward on the road of socialist modernization.

The world is looking attentively at China, which is advancing along the charted course of socialism!

ZHONGGUO QINGNAN BAO STRESSES DISCIPLINE

HK050314 Beijing ZHONGGUO QINGNAN BAO in Chinese 24 Jan 87 p 2

[Article by the Editorial Department of ZHONGGUO QINGNAN BAO: "Discipline Is the Guarantee To the Success of Our Cause"]

[Text] Our reform, opening up, and socialist modernization must be carried out under the conditions of stability and unity and under the party's leadership in an orderly way. This requires us to enforce and observe strict discipline. Whether we can enforce and observe strict discipline concerns whether the stable and united situation can be consolidated or not and whether reform, opening up, and modernization construction can be successful or not. The enforcement and observance of strict discipline is an important guarantee for the success of our cause.

Strict discipline is not a product of some people's wishful thinking; instead, it is the inevitable result of the emergence and development of modern industry. The socialization of modern industrial production requires the organization of individuals and their cooperation and coordination. The proletariat's sense of discipline and organization is formed together with the emergence and development of modern industry. In the struggle against the bourgeoisie, if workers fight as separate individuals, they are weak and vulnerable; but if they are organized, they are strong enough to defeat any enemy. Lenin pointed out that in the struggle against the bourgeoisie, the proletariat has no other way but to organize itself. "The proletariat can and will certainly become an invincible force, because its ideological unity on the basis of Marxist principles is guaranteed by its material and organizational unity. This organization unites millions of workers and forms an army of the proletariat." The impregnable strength of the proletariat comes from such solid ideological and organizational unity. Organization and the enforcement of strict iron discipline form an important sign of the proletariat's change from a class-in-itself to a class-for-itself, and a basic guarantee for its being the newest and greatest political force and for the victory of its struggle against the bourgeoisie.

In the period of building socialist modernization, it is more necessary to consolidate organization and enforce strict discipline rather than loosen organization and discipline. Modern production requires a more elaborate division of work and more cooperation, and this must be guaranteed by strict labor discipline and work discipline. At present the CPC Central Committee is leading the people of all nationalities to build our nation into a modern and powerful socialist country with a high degree of civilization and democracy. This is a great cause in which our 1 billion people participate. The arduousness of the task and the large number of participants require that we must unite closely, join forces with each other, and work with one heart and one mind to advance toward the common goal. History and the current situation tell us that without strict organization and discipline and without unified will, and unified action, China would just be a sheet of loose sand and would accomplish nothing. In order to consolidate and develop the stable and united political situation, to safeguard the people's interests, and to maintain the normal production order, work order, and life order in society, it is necessary to enforce discipline from the state and the party in every unit and organization. The state has its laws; the party has its Constitution; factories have their rules and regulations; and schools have their discipline. If these rules and regulations are all rescinded and the discipline is abolished, as some people wish, then the normal social order would be totally ruined and the entire society would fall into a chaotic condition of anarchy. Reform, opening up, and modernization construction would not be continued any more. This state of affairs goes completely against the wishes and interests of the people. The 10-year domestic turmoil damaged the good situation of observing law and discipline that our party and country had formed in the past decades. At present, we emphasize the strengthening of the legal system and discipline education. This is of great immediate and historical significance. Of course, while strengthening discipline, we should also take firm measures to perfect the democratic life in our party and state and effectively ensure that our people can fully enjoy socialist democracy and freedom. We should emphasize here that freedom must be confined within the limits allowed by law and discipline, and democracy must be subject to the guidance of centralism. Freedom without being limited by discipline and democracy without being subject to the guidance of centralism will just lead to anarchy. Therefore, when talking about freedom and democracy, we must not forget that freedom cannot go beyond the limits of discipline and the exercise of democratic rights must not go against the centralized guidance.

Our party is not a loose mass organization, still less a political club. It is the vanguard of the working class with strict discipline and the leadership core of the Chinese people's revolution and construction. [paragraph continues]

Perfect organization and strict discipline are our magic weapons for consolidating the party and governing the country. Strict discipline is of great importance for ensuring our party's unity and leading position and for ensuring the party's normal political life and close ties with the masses. Without strict iron discipline, the party would not be able to survive and develop. Today, the party is shouldering the historical mission of leading the Chinese people to carry out reform, open up to the outside world, and build socialist modernization. Without perfect organization and strict discipline, the party would not be able to maintain a high degree of ideological and political unity among party members and to form a united and powerful collective with a high combat capacity, and thus the party would not be able to fulfill the heavy task of leading the whole people to make China prosperous. Upholding and safeguarding the four cardinal principles, which has been enshrined in the party Constitution and the PRC Constitution, is the political foundation for the whole party's unity, the party's political discipline, and the party's fundamental principles. Whether a Communist Party member faithfully supports the party's program, strictly observes the party's Constitution, and resolutely abides by party discipline is a basic yardstick to judge whether he is a qualified party member or not. Supporting the party program, observing party Constitution, and abiding by party discipline are basic requirements for all Communist Party members. Even though they were Communist Party members, such people as Wang Ruowang and Fang Lizhi opposed the four cardinal principles and advocated bourgeois liberalization. They violated the party's program and Constitution and violated the party's political and organizational discipline. Those people who violate the party's program, Constitution, and discipline and refuse to mend their ways despite repeated admonition should be expelled from the party. Only thus can we strictly enforce the party's discipline and purify the party's organization.

The CYL is the party's assistant and reserve force, so it should take the party's political discipline as its own political discipline. Adherence to the four cardinal principles is also included in the CYL Constitution and has become the CYL organization's political discipline. League organizations at various levels and all CYL members must consciously adhere to the four cardinal principle, bring their words and deeds into line with the political discipline of the party and the league, and strictly observe the league's Constitution and discipline. They must not violate the political discipline of the party and the league, and must not violate the party's line, principles, and policies. All CYL members should firmly and consciously maintain ideological and political uniformity with the party central leadership. Today's young people are growing up under special historical conditions. The trend of anarchism in the 10-year domestic turmoil has had an evil influence among young people. In recent years, the trend of bourgeois liberalization which completely negates the four cardinal principles has also poisoned some young people and diluted their sense of organization, discipline, and law. Therefore, strengthening their sense of organization, discipline, and law is of special significance. People without a sense of organization and discipline can hardly suit themselves to modern social life and shoulder the heavy tasks. Young people have the future of our country and the hope of our nation. We should train ourselves into a new generation of people with a lofty ideals, moral integrity, knowledge, and a sense of discipline in light of the party's requirements and the people's hope in the great practice of all-round reform and modernization construction.

NEW WAGE SYSTEMS GIVE ENTERPRISES MORE PROFITS

OW041748 Beijing XINHUA in English 1530 GMT 4 Feb 87

[Text] Beijing, February 4 (XINHUA) -- New wage systems have paid off, with workers getting more cash incomes and enterprises more profits, according to reports from all parts of the country.

About 85 percent of the 716 enterprises surveyed in Zhejiang Province, east China, reported to have had higher profits since they adopted the new wage system.

Under the new wage system, workers are paid a flexible "floating wage" according to their performances in addition to their basic rate.

In the provincial capital of Hangzhou alone, 56 percent of local enterprises have adopted the new system.

In Shanghai, China's largest industrial city, enterprises in the industrial and transportation sectors are improving their existing wage system by turning part of the workers' regular wages into floating wages or flexible cash rewards for better performances.

In Yancheng City, Jiangsu Province, the radio factory reported a profit of 1.1 million yuan in 1986, nine months after it adopted a flexible wage system. Currently the factory leads the country in productivity of household electrical appliances.

Many workers at the factory get monthly bonuses and cash rewards often equal to their regular wages.

By integrating quality and cost control with the new wage system, this factory reported to have reduced its product rejection rate from 40 to 10 percent and its production costs by 7.4 percent in 1986.

RENMIN RIBAO URGES LEADERS, WORKERS TO COMMUNICATE

HK041357 Beijing RENMIN RIBAO in Chinese 1 Feb 87 p 1

[Commentator's article: "Regular Talks are Good"]

[Text] In running enterprises successfully, we are inevitably confronted with internal and external contradictions. On these contradictions, workers and other employees often have different views and some of their views may not be same as those of their leaders. It must be said that this is a normal phenomenon.

Since workers and other employees are members of society, contradictions and problems arising in society are inevitably reflected among them. They are also seeking solutions to these social problems. Such demands are justifiable and must be satisfied.

According to experiences gained by the Bangbu Cigarette Factory and some other units as reported by this paper today, setting up the system of having regular talks between factory directors and their workers is one of the most practical solutions to the aforesaid contradictions and problems.

Factory directors should take the initiative in exploring some channels of communication. This can help them size up the situation promptly and tackle problems early so that they do not wait until problems pile up and contradictions become acute before they try to iron them out.

Such a channel of communication must be two-way. Factory directors should not only state their views to workers but should also listen attentively to the opinions of workers. These channels will enable leaders to hear suggestions, demands, and opinions from workers through regular talks and help them communicate with each other, gain a deeper understanding, and clear up any misunderstanding. Leaders should conscientiously listen to constructive criticism from workers and adopt their rational suggestions and should explain with patience the impossibility of their demands and their mistaken opinions. If workers' complaints and demands can be heard through regular channels, their enthusiasm can be brought into full play, work improved, and stability strengthened. This also helps leaders to identify and tackle problems in a down-to-earth manner, improve their work style, and raise their work efficiency.

Setting up regular channels of communication is one of the major aspects in building socialist democracy. This is a new task and a new method of exercising leadership. We must accumulate and gain experiences in this field.

RESEARCH UNITS TO MERGE WITH ENTERPRISES

HK050652 Beijing CHINA DAILY in English 5 Feb 87 pp 1, 2

[By staff reporter Zhao Jinming]

[Excerpt] The state is stepping up its efforts to promote and support the integration of industrial enterprises and scientific research institutes, in a bid to speed the reform of a scientific and technical management system.

The state plans to decentralize its administration of nearly 5,000 research institutes, which will be combined with the country's 7,000 large and medium-sized enterprises by 1990, according to Sun Shuyi, deputy chief economist of the State Economic Commission.

The move is part of the effort to ensure that industrial enterprises get enough technical aid, and research institutes better serve production, Sun said.

The research institutes and large and medium-sized businesses are encouraged to form new united enterprises, which will be stronger in production, management and capable of developing new products.

The research institutes refer to those now under the Chinese Academy of Science, ministries, provinces and cities. They make up 78 per cent of the country's total, Sun said.

This year, 10 per cent of these research institutes will be merged with the enterprises, he said.

China's scientific research work and production have long been divorced. This has resulted in a backwardness in industry, poor quality products and low efficiency, he said.

Currently, most of the country's medium and large-sized enterprises are weak in the area of research and development. Only 27 per cent have set up R and D departments, Sun said.

Many research institutes have insufficient funds and out of date equipment. More than half the scientists and engineers have not been assigned projects.

As a result, the level of technology in the manufacturing sector is comparatively low and they are wasteful in the consumption of raw materials. Energy consumption for producing \$10,000 worth of products in the country is four times higher than in the United States and 5.6 times higher than in Japan.

In 1985, the output value of new products accounted for only 7 per cent of total production, Sun said.

The facts and figures show that the expertise has not been brought into full play owing to a scientific and technological management system that is not consistent with the needs of economic development.

To redress the situation, the State Council recently issued the "Regulations To Promote Reform in the Scientific and Technological Management System." [passage omitted]

JINGJI RIBAO ON STABLE ECONOMIC DEVELOPMENT

HK050531 Beijing JINGJI RIBAO in Chinese 24 Jan 87 p 1

[Commentator's article: "Uphold the Principle of Sustained and Steady Economic Development"]

[Text] Our present economic situation is good. The overheated and swelling atmosphere in our economy has begun to subside. How to maintain this good tendency is a major subject for our study. A central leading comrade recently pointed out that under this good situation, we must soberly notice the potential unfavorable factors in various aspects and properly solve the problem of an excessive swell in the investment scale outside the state budget and the non-productive expenses, and must continue to carry out the principle for ensuring sustained and steady economic development.

The principle for ensuring sustained and steady economic development is a correct conclusion that we have drawn from our economic structural reforms and economic construction in recent years, and is of great significance in guiding us to correctly understand and handle the relationship between reform and construction. Reform and construction are two aspects of a united dialectical entity. Reform will promote construction, and construction is the purpose of reforms. Steady economic development will provide good conditions for reform, and only under such conditions can reform achieve good results. With a proper construction plan and a correct reform arrangement linked to each other and promoting each other, our economic situation will become better and better.

We should realize that the excessive swell in investment outside the state budget and non-productive expenses has become the main obstacle to the steady development of our economic construction. It has also brought many unfavorable factors to the in-depth development of reform. The only correct way to solve this problem is to "compress the air;" that is, to increase production and income and to reduce expenditure and practice economy. While increasing and improving total supply, we should also restrain total demand which has risen to too high a level so that total demand can be brought into line with total supply. Through taking the initiative by making continual minor adjustments, we can avoid forced major adjustments in the future. At present, an important step is to substantially cut down on funds beyond state budget control and take some of these funds to guarantee the key construction projects in the energy, transport, and raw materials industries. [paragraph continues]

Localities should not continue to start new projects and expand the scale of construction at will. In particular, they must not indulge in building luxurious houses for non-productive purposes. Consumption should be brought into line with our country's financial conditions.

We should also realize that the principal of ensuring sustained and steady economic development is not only a matter for the state authorities, but is also a matter concerning every locality, every trade, and every comrade. Leaders at various levels should first understand this principle and take it as a guideline for carrying out reform and developing production. In order to actually control capital investment, the investment plans of all enterprises, including those under whole people, collective, individual, and Chinese-foreign joint ownership, must include localities and departments' investment plans. Both capital construction projects and transformation projects should be controlled within the limits approved by state authorities. While strictly controlling the building of luxurious houses, we should ensure there is an appropriate proportion of funds for the construction of residential buildings. Urban construction should be focused on the facilities serving people's daily lives and production, and impractical things should not be built. In addition, we should concentrate scattered idle funds in various forms. All enterprises should take action to increase production and income, reduce expenditure, and practice economy so as to improve their management.

The sustained and steady development of the national economy is the foundation for our reform and production. We should basically solve existing problems in the first months of this year and work out reasonable solutions next year. All localities, departments, and enterprises, and all leading cadres and workers, should understand the unity of reform and construction, and should become more conscientious in carrying out the principle for sustained and steady economic development so as to make our reform measures achieve better results and enable our economic construction to advance with more solid strides.

JINGJI RIBAO ON ENTERPRISE INVIGORATION

HK050825 Beijing JINGJI RIBAO in Chinese 22 Jan 87 p 1

[Commentator's article: "Responsibility as Well as Power and Interests Are Indispensable"]

[Text] To invigorate enterprises, it is not enough to merely stress delegating power and making concessions in profit delivery. It is necessary to combine responsibility, power and interests, and delegate them together to allow enterprises to have responsibility as well as power and interests. This is an important issue to which we must pay attention in deepening enterprise reform.

Over the last few years we heavily stressed delegating power and making concessions in profit delivery because the external conditions for invigorating enterprises were not yet completely formed. In some localities and regions, the phenomenon of retaining the decisionmaking power of enterprises was still rather common. Bearing too much burden and lacking a self-transformation capability, some enterprises need an overall [da 1129 environment for development. We should continue to pay sufficient attention to these issues and resolve the issues coming up in the expansion of power and the distribution of various interests in enterprises. [paragraph continues]

Meanwhile, we should also highly stress the responsibilities and obligations of enterprises, the need for them to further develop productive forces through reform and make proper contributions to the state and the people and the combination of responsibility, power, and interests.

Along with the constant deepening of enterprise reform, the improvement of the operational mechanism within enterprises has already been placed on the important agenda. To enforce various responsibility systems, it first of all means that we must combine responsibility, power and interests and should not separate them. We should stress neither responsibility in the absence of power nor power and interests in the absence of responsibility. Second, as far as enterprises are concerned, their fundamental tasks are to develop production, raise economic effectiveness, provide more taxes and profits to the state and create wealth for society. As reform serves the construction, the change in enterprises' external production conditions, the establishment of various responsibility systems, and the improvement of the operational mechanism within enterprises should all further serve delegation of operational rights and the mobilizing of enthusiasm so as to let entrepreneurs transform enterprises according to what they envision. Therefore, after acquiring decisionmaking powers, enterprises should no longer only assume responsibility for profits but not losses, and continue to eat from the "same big rice pot" of the state. They should no longer ask the state for money but should attach importance to making contributions to the state. They should no longer ask the state to increase investment but undertake the responsibility to provide more taxes and profits to the state.

It is no secret that some comrades working in our enterprises pay more attention to delegating power and making concessions in profit delivery than assuming responsibility. Maybe they consider delegating power and making concessions in profit delivery in specific terms while considering assuming responsibility in abstract terms. Some other comrades only stress the need for state investment but do not pay attention to production. In capital construction they spend wastefully and ostentatiously but only score low effectiveness. They can think only of asking the state for money and materials but do not think of investment results and production tasks. This viewpoint is also one-sided. Investment and production should be linked to each other. This is an important aspect of the combination of responsibility, power and interests.

At present, we propose to increase production and practice economy, and increase revenue and reduce expenditures. As far as the enterprises are concerned, this gives at least two ways to plug loopholes, tap potential, raise economic effectiveness and enhance the sense of responsibility in every field. As far as the relationship between enterprises and the state is concerned, it is necessary for enterprises to undertake responsibility to the state in every key link such as investment, production and contribution in taxes and profits, correctly handle the relationship between the state, collectives and individuals, proceed in everything from national conditions and the situation as a whole, and make contributions to the long-term and stable development of the national economy. Our country has an old saying that "It shows respect to entrust someone with responsibility." This means to entrust people with a worthy task rather than giving them a hard time. In the process of carrying out the operational responsibility system and delegating the operational rights, comrades working in enterprises should live up to the expectations of the state and the people. If they are given more rights, they should assume more responsibility. If they are given more investment, they should undertake more production tasks. This is a requirement of reform as well as a requirement of economic construction itself

FIGURES REVEAL CONDITION OF SELF-EMPLOYED

HK050214 Beijing RENMIN RIBAO in Chinese 1 Feb 87 p 8

["Basic Conditions of Self-Employed Industrialists and Businessmen Since 1978" -- quoted by Xu Jiaming (1776 0494 7686) from GONGSHANG XINGZHEN GUANLI (INDUSTRIAL AND COMMERCIAL ADMINISTRATION AND MANAGEMENT), No 24, 1986]

[Text] Units: 10,000 households, 10,000 people, 100 million yuan

Year	Self-employed People in Urban and Rural Areas All Over the Country		Self-employed People in Cities and Towns		Self-employed People in Rural Areas		Percent Increase From Previous Year		
	Nos of House- holds	Nos of People	Nos of House- holds	Nos of People	Nos of House- holds	Nos of People	In Terms of House- holds	In Terms of People	Turnover
1978				14					
1979				31					
1980				80.6					
1981	182.9	227.4	86.8	105.6	96.1	121.8	44.1	40.6	10.9
1982	263.6	319.8	113.2	135.8	150.4	184	44.1	40.6	100
1983	590.1	746.5	170.6	208.6	419.5	537.8	123.9	133.4	210
1984	930.4	1303.1	222.2	291.1	708.2	1012	57.4	74.3	456.3
1985	1171	1766	279.87	383.94	891.5	1382.2	25.9	35.5	750.6
First Half of									
1986	1134	1719	273.4	379.0	861	1340			

REGULATIONS DETAILED ON WORK OF FACTORY DIRECTORS

OW121031 Beijing XINHUA Domestic Service in Chinese 0151 GMT 11 Jan 87

[Text] Beijing, 10 Jan (XINHUA) -- Regulations Governing the Work of Factory Directors of State-Owned Industrial Enterprises (15 September 1986)

Chapter I: General Principles

Article 1: These regulations are formulated especially to reform the system of leadership of state-owned industrial enterprises, define factory directors' responsibilities and powers, and implement the director's responsibility system.

Article 2: A state-owned industrial enterprise (hereinafter called enterprise for short) shall obtain the status of a legal person for the enterprise according to state laws. The factory director shall be the legal representative of the enterprise who exercises the powers and functions on behalf of the legal person. The factory director shall have central leadership and overall responsibility of the enterprises' production, operation, and management in accordance with these regulations.

Article 3: In organizing production and operation, the factory director shall adhere to the socialist orientation in enterprise management, implement the principles and policies of the party and the state, observe state laws and regulations, and carry out the decisions made by the competent authorities in charge of enterprises.

Article 4: The factory director shall safeguard the state's interests, protect state property, and correctly handle the interest relationship between the state, the enterprise, and its staff and workers.

Article 5: The factory director shall accept the supervision of auditing, financial, tax, and industrial and commercial administrative departments, as well as of state banks, regarding the enterprise's tax payments, profit deliveries and allocations, use of retained profits, transfer of fixed assets, and other major economic activities.

Article 6: The factory director shall submit a periodic work report to, and accept the supervision of the party's grass-roots committee in the enterprise (including the party general branch committee and branch committee when the grass-roots committee does not exist, hereinafter called party committee for short).

Article 7: A factory director shall make a periodic work report to the general meeting of representatives of staff and workers (or general meeting of staff and workers), listen to their opinions, carry out the relevant decisions made by the general meeting of staff and workers within the limits of its authority, assume responsibility for handling motions regarding administration made by the general meeting of staff and workers, and accept its supervision.

Chapter II: Qualifications of Factory Directors, and Their Appointment and Removal

Article 8: A factory director shall have the following qualifications:

1. Revolutionary dedication to socialist construction and ability to adhere to the socialist orientation in enterprise management.
2. Proficiency in skills of the trade; familiarity with relevant economic policies, laws, and regulations; skills in management and operations; and leadership capability.
3. Honesty in performing duty, contact with the masses, and democratic work style.
4. College education as a general minimum for director of a large or medium-sized enterprise, and secondary education as a general minimum or passing of the national examination for factory directors for director of a small enterprise.

Article 9: Appointment of a factory director shall be made by one of the following means based on the circumstances of the enterprise:

1. He is appointed by the competent authorities in charge of enterprises or the administrative organ in charge of cadres, depending on which has the jurisdiction.
2. He is elected or recommended by the general meeting of staff and workers based on arrangements made by the authorities in charge of enterprises, and then approved or appointed by the authorities in charge of enterprises or the administrative organ in charge of cadres, depending on which has the jurisdiction.
3. He is recruited and nominated by the authorities in charge of enterprise and, with the approval of the general meeting of staff and workers of the enterprises, appointed by the authorities in charge of enterprises or the administrative organ in charge of cadres, depending on which has the jurisdiction.

Article 10: A tenure system shall be applied to factory directors. Each term of office shall be 3 to 5 years. The same person may serve successive terms.

A tenure target responsibility system shall be implemented during a factory director's tenure. In accordance with the state's demands and social needs and in light of the actual conditions of the enterprise, the factory director shall set the long-term development goals for his enterprise and the responsibility targets for his tenure aimed at achieving these goals. After these targets have been discussed by the management committee and workers' congress and reported to and approved by the competent authorities in charge of enterprises, arrangements shall be made for their fulfillment. The fulfillment of the responsibility targets shall be taken as a main basis for evaluating and supervising the factory director and for determining whether he may serve a successive term of office.

Before the end of a factory director's tenure, the original appointing or approving authorities shall decide whether to keep him as factory director for another term or to remove him from his post according to his actual performance during his tenure and on the basis of the opinion of the workers' congress.

If a factory director wishes to apply for resignation before the end of his tenure, he must submit a written report to the competent authorities in charge of enterprises, and only after concurrence is obtained from the original appointing or approving authorities can he leave his post.

Should the workers' congress make a proposal for dismissing the factory director, the competent authorities in charge of enterprises shall complete the necessary investigation and handling of the case within 30 days. The competent authorities in charge of enterprises shall decide whether the factory director shall continue his duties during the period of investigation and handling of the case. Should a factory director be incompetent in his work or commit an act of serious dereliction of duty during his tenure, the competent authorities in charge of enterprises shall have the power to remove him from his post.

In general, the competent authorities in charge of enterprises and administrative organ in charge of cadres shall not transfer the factory director to another post during his tenure. Before a factory director leaves his post, the competent authorities in charge of enterprises (or together with the administrative organ in charge of cadres) may ask the auditing organ to examine and comment on how the factory director discharged his economic responsibility.

Chapter III: Powers of Making Decisions and Command Management, Operation, and Production of Enterprises

Article 11: Enterprise shall set up management committees to assist factory directors in making decisions on important matters of operation and management. The management committee is composed of the factory director, deputy directors, chief engineer, chief accountant, secretary of the party committee, trade union president, secretary of the CYL committee, and representatives of workers elected by the workers' congress. The workers' representatives (including the trade union president) shall comprise one-third of the management committee membership. The factory director shall serve as chairman of the management committee.

Article 12: Important matters referred to in Article 11 of these regulations are as follows:

1. Management policy, long-term and annual plans, major technical renovation and technology importation plans, workers' training programs, wage readjustment plans, draft budget and final financial accounts, and plans for distribution and use of enterprise-owned funds;
2. The number of personnel not engaged in production to staff party, administrative, trade union, and CYL organs and the establishment and readjustment of management organs;
3. Formulation, revision, and annulment of major rules and regulations.

Discussions of these important matters shall always be initiated by the factory director.

Article 13: When the management committee wishes to discuss an item listed in Article 12 of these regulations which requires the examination and approval of the competent authorities in charge of enterprises, the factory director shall be responsible for making a report.

Article 14: When the management committee wishes to discuss an item listed in Article 12 of these regulations which requires the examination of the workers' congress, the factory director is responsible for making the proposal.

Article 15: Enterprises shall implement a production and management system under the unified leadership of the factory director with different levels holding different responsibilities. Enterprises shall introduce a system of economic responsibility covering all levels.

Article 16: Depending on size and production and management needs, an enterprise may designate factory-level economic and technical responsible personnel, including a chief engineer, chief economist [zong jing ji shi 4920 4842 3444 1597], and chief accountant. If an enterprise needs to appoint one or several deputy directors, the factory director shall submit a plan for this purpose to the competent authorities in charge of enterprise for a decision.

The factory director may hire a full-time or part-time legal adviser. The deputy directors, chief engineer, chief economist, chief accountant, and legal adviser work under the leadership of the factory director or other designated factory-level responsible persons and are responsible to them. If the factory director is temporarily unable to perform his duties, he may designate a factory-level responsible person to act for him.

Article 17: Enterprises should set up necessary, efficient management organs in accordance with the needs of production and operation. The factory director shall implement relevant state regulations governing the readjustment of accounting, statistics, auditing, quality inspection organs and the appointment and removal of their principal responsible persons.

Chapter IV: Duties of Factory Directors

Article 18: In accordance with state plans and market demands and in line with tenure targets, the factory director shall put forward annual plans regarding operational objectives and orientation of development which, after having been discussed by the management committee and examined by the workers' congress, shall be put into effect.

Article 19: The factory director shall organize all departments of the enterprise to ensure the completion of state plans, carry out the tasks assigned to the enterprise by the state, and strictly fulfill economic contracts.

Article 20: The factory director shall pay attention to market information, constantly develop new products, reduce production cost and expense, and enhance the enterprise's ability to adapt and compete.

Article 21: The factory director shall introduce rigorous quality control to ensure that product quality meets state standards or contract requirements.

Article 22: The factory director shall adopt effective measures to promote technical progress and modern management to improve the enterprise's economic efficiency and capacity for transformation and development.

Article 23: The factory director shall make constant efforts to improve the working conditions of the enterprise, pay great attention to production safety, and earnestly protect the environment.

The factory director shall gradually improve the conditions for the workers' material and cultural life on the basis of developing production and improving economic efficiency. The factory director shall organize workers to carry out the enterprise's public security work well.

Article 24: The factory director shall adopt effective measures for investment in intellectual resources and personnel training, strengthen education in ideology, general knowledge, and professional work among workers, organize workers to carry out technical innovations, encourage them to suggest rationalization measures, and conduct ideological and political work in order to fully mobilize the initiative, enthusiasm, and creativity of workers for socialist construction.

Article 25: The factory director shall guarantee the ability of the workers' congress and trade union to exercise their functions in accordance with laws and regulations. In making decisions that affect the interest of the workers, the factory director shall consult with the trade union of the enterprise.

The factory director shall support the work of the CYL, Science and Technology Association, and other mass organizations in his enterprise in order to bring into full play their active role in socialist construction.

Chapter V: Powers of Factory Directors

Article 26: The factory director shall have the power to make decisions and command the management, operation, and production of the enterprise.

Should the factory director and the majority of the management committee have a difference of opinion on important matters of management and operation, the factory director shall have the power to make the final decision.

Article 27: The factory director shall nominate persons for the posts of deputy factory director(s), factory-level responsible persons for economic and technical affairs, and mid-level administrative cadres listed in Article 16, in consultation with the enterprise's party committee. The factory director shall appoint and dismiss mid-level administrative cadres. Appointment of factory-level administrative cadres in deputy posts shall be submitted to upper organs for examination and approval in accordance with jurisdiction in cadre administration.

The factory director shall adhere to the principle of appointing people on their merits, people with both political integrity and ability. The factory director shall solicit opinions from all concerned and have the nomination fully discussed before submitting it.

Article 28: The factory director shall have the power to award and penalize workers in accordance with state regulations.

With the exception of money-losing enterprises, the factory director may promote workers who have made specific contributions, in accordance with state regulations.

The factory director shall have the power to impose administrative disciplinary measures, up until dismissal, on workers who have violated work discipline. However, the factory director shall consult with the enterprise's trade union in dismissing workers.

The factory director shall, in accordance with jurisdiction in cadre administration, submit to upper organs for examination and approval his proposal in regard to rewards and punishments, salary readjustments, and promotion of factory-level cadres and of those personnel listed in paragraph 2, Article 17.

Article 29: The factory director shall have the power to refuse any request from any organizations or individuals outside the enterprise to transfer or loan its personnel, to use the enterprise's funds and materials without payment, or to apportion work or expenses to the enterprise.

Article 30: Should a factory director disagree with the decision made by the workers congress within its jurisdiction, he may ask the congress to reconsider. However, if after reconsideration there should still be differences, the factory director shall carry out the decision and at the same time report the matter to the supervisory organ.

Article 31: The factory director shall have other powers with regard to the production, operation, and management of the enterprise as stipulated by state regulations.

Article 32: The factory director, in executing his functions and powers in accordance with these regulations, shall be protected by state laws against threats, suppression, obstruction, and retaliation from any organization or individual.

Chapter VI: Awards and Punishments

Article 33: The factory director shall be given honorary titles, material rewards, or promotions for the following outstanding performance in work:

1. Major economic and technical indices have reached the advanced international level, or the advanced level for the same industry or same category of enterprises in China;
2. Products have acquired sufficient competitiveness to enter the international market, and have made a relatively great contribution to earning foreign exchange for the state;
3. Phenomenal growth has been achieved in product sales, profits, taxes and profits delivered to the state in 3 consecutive years, and a substantial increase in income for workers and staff;
4. Production of high-grade brand-name products with marked social and economic benefits;
5. Major technological breakthroughs and marked successes in promoting technical innovation and technological progress, or creation of conditions for self-development of enterprises; or
6. Notable successes in pushing modern management.

Article 34: The factory director shall be given punishments, according to the seriousness of mistakes made in work, in the following circumstances:

1. Violation of laws, decrees, and rules and regulations which cause damage to the interests of the state, enterprise, workers and staff, customers, or consumers;
2. Failure to fulfill state mandatory plans for 2 consecutive years not attributable to insurmountable external reasons;
3. Serious economic losses resulting from failure to carry out economic contracts despite favorable conditions;
4. Occurrence of serious accidents due to defects in product quality;
5. Serious pollution resulting from neglect of environmental protection despite favorable material and technological conditions;
6. Serious losses to state property and to people's lives and property resulting from major accidents due to erroneous supervision and mismanagement of enterprises; or
7. Other serious mistakes committed.

Article 35: The factory director shall be given punishments in varying circumstances for abuse of power for the purpose of seeking personal gain, violation of law and discipline, and for seeking honor and economic benefits through fraud and deception. Criminal responsibility shall be affixed in case of violation of the criminal law.

Article 36: The competent authorities in charge of enterprises shall decide on awards, punishments, pay raises or promotions for factory directors. The competent authorities in charge of enterprises may also report to higher authorities for such decision depending on the jurisdiction over cadre management.

Chapter VII: Supplementary Provisions

Article 37: As for enterprises which engage in contracting and leasing business, important policy decisions regarding the appointment, removal, tenure, commendation, and punishment of factory directors must be carried out according to provisions stipulated in relevant agreements or contracts.

Article 38: In principle, these regulations shall apply to state-owned enterprises in the sectors of transport and communications, post and telecommunications, geological prospecting, construction, agriculture, forestry, and water conservancy.

Article 39: The State Economic Commission shall be responsible for the interpretation of these regulations.

Article 40: These regulations shall go into effect on 1 October 1986.

DEFENSE INDUSTRIES SHIFT TO CIVILIAN PRODUCTS

OW261154 Beijing XINHUA in English 0756 GMT 26 Jan 87

[Text] Beijing, January 26 (XINHUA) -- More than 180 enterprises producing military supplies have officially become part of local industries and have begun to produce civilian products, the "ECONOMIC DAILY" reported today.

These enterprises, which employ a total of about 300,000 people, are now under the administration of local governments instead of military authorities, the paper said.

The shift was made according to a State Council decision to relegate local defense industries to local civilian administration.

Military production of these enterprises began to drop drastically from 1980 and they suffered huge losses. They had to produce civilian products to keep going, and by the end of 1986, the total output value of their civilian products came to 1.1 billion yuan.

PLA SETS NEW YEAR TASKS FOR LOGISTICS WORK

HK020341 Beijing JIEFANGJUN BAO in Chinese 12 Jan 87 p 1

[Report by Qiao Linsheng (0829 2651 3932): "Hong Xuezhi on Principal Tasks for Logistics Work in 1987"]

[Text] At a meeting of cadres in charge of logistics work held a few days ago, Hong Xuezhi, director and political commissar of the PLA General Logistics Department, said that the main tasks of the Army's logistics work include adapting the Army to the situation of overall reform of the state and the strategic change of the guiding ideology of Army building, upholding the principle of "simultaneously building material and spiritual civilization," strengthening logistics work, doing a good job of reform of logistics work, managing well and making proper use of national defense spending, broadening sources of income, reducing expenditures, tapping potentials, attaining better results, and trying to accomplish logistics work with fewer people and fewer funds. The characteristics of the main tasks are:

Adopting an overall point of view and strictly implementing the national defense budget. The departments and units at all levels should strictly implement the budget approved by the Central Military Commission, run affairs industriously and thriftily, practice economy, and prevent extravagance and losses. Regarding the problems discovered in the financial discipline inspection, it is necessary to enact rules and regulations to enforce discipline, strengthen management, and plug up loopholes.

Carrying out reform well and attaining better results. On the basis of systematic investigations and studies conducted over the past few years, in light of the economic structural reform of the state and reform of the Army, and in accordance with the principle of combining needs with possibilities, macro control with microflexibility, and administrative means with economic means, it is necessary to steadily and vigorously carry out reform of the logistics management system and attain better results from reform.

Enhancing training and scientific research and improving the quality of logistics personnel. It is necessary to strengthen lateral ties between the army academies and between the academies and Army units, and to integrate teaching with scientific research and practical work. Logistics personnel should be trained through various means, which include training in schools, short-term training classes, correspondence courses, self-study programs, and in-service training. The combat effectiveness of the logistics units should be enhanced through contract training. It is necessary to continue to conduct experiments on scientific management in various logistics units and to spread the system of personal responsibility and the method of management by objective. In accordance with the requirements of the Seventh 5-Year Plan, the scientific research work of the logistics units should be focused on improving the mechanism of scientific research operations, strengthening the building of the ranks of scientific research workers, and tackling key problems. It is necessary to continue the reform of assessing the titles of technical cadres of the logistics units.

Doing a good job of production and operation to replenish supplies to the Army. Regarding agricultural production and sideline occupation, it is necessary to work out overall plans in line with local conditions, develop a diversified economy, make comprehensive use of all resources, exercise scientific management, and attain better results. We must strive to provide 80 percent of the Army units with "1 and 1/2 catties and 4 liang" of provisions within this year. Factories and enterprises should open both the domestic and international markets and strive to increase their output value as well as taxes and profits. It is necessary to continue to carry out the activities of planting trees and growing grass, beautifying the barracks as quickly as possible, improving the quality of afforestation, and attaining better social, ecological, and economic results. Efforts should be made to protect the environment and eliminate pollution.

Improving the style of work and strengthening the building of the grass-roots units. The housing conditions of the units under the battalion level should be gradually improved. To ensure the health of officers and men, it is necessary to strengthen the work of preventing disease and curing sickness and of supplying medicine to the grass-roots units. It is necessary to give organizational guidance and assistance to the grass-roots units in strengthening management over logistics work. It is necessary to further perfect the service centers established at the regimental level. The material and cultural life of the grass-roots units should be improved. The initiative of the vast numbers of logistics personnel should be fully aroused.

JIEFANGJUN BAO ON MAKING CONCEPTUAL BREAKTHROUGHS

HK040943 Beijing JIEFANGJUN BAO in Chinese 23 Jan 87 p 3

[Article by Liu Senshan [0491 2773 1472]: "Attention Should Be Paid to Conceptual Breakthroughs in Creating New Theories"]

[Text] It is said that in medieval Europe the nonexistence of the concept of "10" in natural numbers made it very difficult to understand division.

In North America, a tribe called the Hopi can only make out the color green. They cannot distinguish between green and light green because they do not have the concept of light green color.

There are many other similar examples showing the commanding role of concepts in rational knowledge.

Making conceptual breakthroughs in the field of scientific research is of great significance to the formation of new theoretical systems. As far back as in the late 1960's, some military critics in the United States pointed out: There has been an increasing number of small, local wars since World War II; the gap between the means and objectives of major wars has become wider. However, because they did not develop the idea of small wars into an accurate concept, they failed to attract sufficient attention. Later, after making more experiments, some people put forward the concept of "handicraft warfare," to the effect that in putting this warfare into practice, people should not only design it meticulously, as a handicraftsman would do his handiwork, but, more importantly, their political and economic objectives can be achieved at one go at a small price. Afterwards, an American again put forward the concept of a "low-intensity, high-technology warfare," which attracted the widespread attention of military personnel all over the world.

Creative psychology proves that a concept is an outcome of history. Its formation and development are affected by various factors, such as people's level of general knowledge and ability to study problems and the level of social production. The higher the level of social production, the greater the amount of new technological equipment; the more complicated the social phenomena, the greater the number of new concepts. The richer people's experience, the keener their ability to study problems, and the stronger their ability to manipulate concepts; the faster the formation and development of concepts, the stricter and the more accurate the dividing line between various concepts. Therefore, the concepts formed under different historical conditions have specific intensions and extensions. With the rise of social production and the improvement of people's cognitive ability, when the intension and extension of an original concept fail to fully express things that have developed, it is necessary to boldly make a breakthrough in the outdated conceptual system. It should also be noted that the establishment of each new concept signifies the development of what is useful or healthy and the giving up of what is not. It is precisely through the leap from one concept to another, like the gradient from quantitative to qualitative changes, that people's understanding rhythmically marches to the future.

In their studies of military theories, some foreign troops attach great importance to conceptual breakthroughs. In the United States scores of government and nongovernmental institutions are engaged in this work. Since the 1950's many new concepts have emerged in the strategic aspect alone, such as nuclear deterrent strategy, guaranteed destruction strategy, flexible reaction strategy, partial nuclear strategy, 2 and 1/2 wars, 1 and 1/2 wars, low-intensity war, high-intensity war, guaranteed survival strategy, combined air and ground operations, and so on. Like a chain reaction, each new concept again brings forth many new concepts. The combination of the original concepts and their derivatives rapidly develop into a system and promotes the renewal of theoretical system. Unwilling to lag behind, Soviet troops have also organized special forces to engage in research projects. They have published books which concentrate on introducing the breakthroughs made by U.S. troops in strategic concepts.

In our theoretical studies over the past few years, we have also put forward some concepts. However, the idea of conscientiously seeking new concepts has not come into being. In our research work, we are often handicapped by the practice of juggling with the existing concepts, holding that in spite of the changeable methods, the concepts are eternal. This has led to the poverty of our theoretical concepts and obstructed the development of military theories. Naturally, making conceptual breakthroughs is not tantamount to renovating nouns. Nor should we utter ironical remarks about some new and premature concepts because the crux of our problem today or the principal aspect of the contradiction is that we are not good at putting forward new concepts.

TRAINING CENTER FOR PARATROOPERS OPERATIONAL

OWO41345 Beijing XINHUA Domestic Service in Chinese 0650 GMT 4 Feb 87

[By reporter Xi Nanxiao]

[Text] Beijing, 4 Feb (XINHUA) — China's first reserve paratrooper training center has become operational in central China.

In order to meet the requirements in training paratroopers, this training center includes a small airport, a parachute dropping zone, a parachute training zone, tactic and technique training ground, and lecture rooms and classrooms for science and general education. The center is designed to train reserve paratroopers and offers basic ground courses as well as actual practice in parachuting.

The first group of 152 reserve paratroopers graduated from the center last month. All trainees passed the basic courses for paratroopers. Eight percent of the graduates are qualified for parachuting directly from an airplane.

A responsible person of the department concerned told this reporter that purpose of the training center is to train reserve paratroopers so as to meet the requirements in fighting any war against aggression. This is a measure designed to keep up with the strategic changes in developing the guiding ideology for Army building and strengthening the reserve forces for national defense.

JOURNAL REVIEWS GUANGDONG'S ECONOMIC PROGRESS

HK041531 Guangzhou KAIFANG in Chinese No 12, 8 Dec 86 pp 2-4

[Commentator's article: "Sum Up the Experiences of the Sixth 5-Year Plan To Guide Work During the Seventh 5-Year Plan"]

[Text] Recently the provincial party committee held a work conference of responsible cadres above the city, prefectural, and provincial bureau levels. The main subject of the conference was reviewing the province's economic work during the Sixth 5-Year Plan and earnestly studying the main measures to deal with the new situations and problems that have appeared. Through reviewing the province's economic work and summing up experiences, the participants learned of advanced experiences of Zhejiang and Jiangsu Provinces, unified their ideas on some major problems in economic construction, further corrected their guiding thinking on economic work, and found out where their province lags behind, so as to do still better in economic work during the Seventh 5-Year Plan and push the province's economic construction to a new developmental stage.

The province made great achievements in its economic construction during the Sixth 5-Year Plan. This was the period in which the province's economy developed fastest since the founding of the PRC as well as one of the periods in which the province was highly prosperous and thriving. The province's economy developed at a continuous high speed. The average annual growth rate of its industrial and agricultural output value, its total social output value, its GNP, and its financial revenue was over 13 percent; and the average annual growth rate of the province's national income was 11.7 percent. These growth rates were higher than those in previous 5-year plans and the national averages in the same period. During the Sixth 5-Year Plan, the province greatly increased its investment in capital construction and technological transformation, thus effectively upgrading the province's production ability; the province brought into play its strong points in carrying out foreign economic activities, thus opening up a new situation; its urban and rural markets were brisk and active, with a prosperous and booming situation; and the province's education, science, and culture developed rapidly, with marked results. After consolidation, reform, and opening up in Guangdong's national economy, the province's major proportionate relationships have become harmonious; its economic structure has been perfected; its economic results have improved; and its economic strength has increased remarkably. An open-type economic setup with various multitiered open areas which are market oriented has now appeared in the province. The province's society is stable and public order has been improved. The livelihood of both urban and rural people has been upgraded remarkably. The three long-standing problems in the province, namely, the feeding and clothing of rural people, the employment of urban and township residents, and the supply on the urban and rural markets have basically been resolved. Radical changes have taken place in people's mental attitude. There is a scene of peace, contentment, and prosperity throughout the province. Practice has proved that the general principle of reform and opening up set by the party and state and the special policies and flexible measures adopted in Guangdong are very correct. The province's practice of adhering to opening up and invigoration in implementing the central leadership's principle of reform and opening up is successful. These experiences should be kept up and be continuously developed and improved during the Seventh 5-Year Plan.

While fully affirming the achievements made by the province, we must clearly see the new situations and problems arising in economic construction during the Sixth 5-Year Plan. The main problem is that for a time, the province's fixed assets investment size was too big, far exceeding the budgetary investment size. [paragraph continues]

The province's extraordinary investment size increased by a particularly large margin, exceeding the limit of the province's financial and material resources. As a result, goods were in short supply, the net money supply volume was too large, and prices increased by too much for a time. In investment direction, the province concentrated its investment in special economic zones and the Zhu Jiang Delta area, resulting in excessively large investment. Imbalanced investment has expanded the gap between rich and backward areas in economic development and affected the overall development and upgrading of the province's economy. Nor was the investment structure reasonable. Industrial and agricultural production projects that should have been carried out have not been fully developed. Too many non-productive projects, such as office buildings, residential houses, and amusement houses have been built, and some repetitive construction projects that need not have been carried out have been developed. In investment of production projects, the province also lacked reasonable arrangements. It made insufficient investment in energy, communications, and the raw materials industry. Thus, the province's long-standing situation of energy shortage, backward communications, and weak basic industry, such as the raw materials industry, has not yet been thoroughly changed. Furthermore, commencement of too many new projects has intensified the contradiction between supply and demand in this aspect. At present, the power supply shortage rate is as high as over 40 percent and many factories "operate 3 days yet close 4 days." Power supply to factories is often disconnected, causing heavy economic losses. Energy and communications have now become two weak links that affect and restrict the province's economic development. This problem merits serious attention and needs to be solved.

Why have the above problems arisen? What lesson should be drawn from them? These merit our serious study and summarization. The main reason for the above problems is that we failed to correctly handle the relationship between enlivening the economy microeconomically and exercising control and management macroeconomically. We have not done well in reform, opening up, and invigoration. Taking account of the needs of economic development, the demands of the central leadership, and other advanced provinces and cities, we still have a long way to go. Despite the above, our failure to give macroeconomic guidance, our poor management, and our failure to keep pace with the situation of delegating powers and enlivening the economy is also a serious problem. The province has not yet formulated a strategic plan for its economic development that can channel the economic development in all areas into the macroeconomic planning. Meanwhile, we lacked effective measures and methods to strengthen macroeconomic guidance and management and to ensure necessary concentration and unity while delegating powers to low levels in the past, resulting in economic work being out of control for a time. For example, we failed to exercise macroeconomic control for a time in management and use of financial revenues, loans, and foreign exchange and in the power limit for examining and approving import, export, and capital construction items, resulting in scattered use of funds and foreign exchange, in blind import, and in duplicated construction. Some even went so far as to use a huge amount of foreign exchange to buy imported cars and consumer goods, which seriously deviated from the party's open policy. On the other hand, as the provincial financial authorities were seriously deficient in funds, some priority projects in energy, communications, and raw material industry were either cancelled or delayed, not to mention being unable to give more financial support to mountainous and backward areas.

The appearance of the above problems is by no means strange, and some of them are unavoidable. They are also the problems arising in the progress of advance which can only be solved in reform. Therefore, we need not treat them too seriously. At present, reform is in progress; a new system has not yet been properly put into effect; an indirect system has not yet been fully set up and perfected; the mechanism of the old system is still operating; and the new and old systems are coexisting and affecting each other. [paragraph continues]

The delegating of financial, foreign exchange, and investment management system power to lower levels inevitably resulted in the deconcentration of decisionmaking regarding investment and importing, and in the diversification of investment, import targets, and the use of funds and foreign exchange. Some units and areas were eager to achieve bigger and faster results and sought their own development, resulting in such abnormal phenomena as the failure to control investment size, incorrect investment direction, and unreasonable investment structure. Both reform and opening up are new to us. Leaders at all levels need not learn how to carry out reform and opening up before doing them; they can learn while doing them and accumulate experiences and improve their ability. Furthermore, the exposure of many problems takes time and it is not easy to discern them at the outset. Only after a period of practice is it possible to see them more clearly and to draw a lesson. For this reason, the conference reviewed the past, summed up experiences, learned from the advanced, and found out where the province lags behind. All this is very necessary and timely for properly carrying out economic work in the Seventh 5-Year Plan.

The provinces' economic and social development plan during the Seventh 5-Year Plan was discussed and adopted at the fifth plenary session of the sixth provincial People's Congress held this year. In summary, the two tasks are: 1) The reform of the economic structure and the political structure; and 2) developing the national economy and putting reform above all. It is necessary to properly arrange reform and construction so that the two can coordinate with and promote each other. Economic construction should not be arranged too tightly and its speed should not be too fast. There must be a relaxed economic and social environment to help promote the smooth progress of reform. The development and progress of structural reform must give consideration to the limit of economic and social capability, take into account all restrictive factors, and pay attention to combining in an organic way macroeconomic invigoration and effective microeconomic guidance and control. In ascertaining to what extent microeconomic invigoration should go, we must take into consideration the capability of macroeconomic control. The result of reform must promote the healthy development of economic construction.

Except for special economic zones, Hainan Island, and the Zhu Jiang Delta area, most areas in the province have not opened up widely and have not invigorated their economy. We must continue to delegate powers to enterprises, implement the principle of separating ownership from the right of operation, seriously solve the problem of the operational mechanism of enterprises owned by the whole people, give full decisionmaking power to state-run enterprises, and strengthen enterprises' vitality and their ability for self-development. Large and medium-sized enterprises may institute the operation contract system and medium-sized and small enterprises may institute the lease contract system. Some small enterprises may also change their ownership and institute the shareholding system or turn themselves into collective ownership. Domestic enterprises must learn foreign-capital enterprises' business management so as to upgrade their scientific management level. State-run enterprises must learn the flexible operational methods of collective-run enterprises, improve their economic results, and integrate power, responsibility and interest. We must take further steps to properly handle all economic relationships; reform the price management system; establish and improve the socialist market system; further enliven commodity, technology, funds, means of production, and labor markets; and create a good environment of market regulation for competitions and development of enterprises.

While enlivening the microeconomy, we must improve and strengthen macroeconomic guidance, coordination, and management and must turn stressing direct control into stressing indirect control. We must properly manage microeconomy mainly by such means as planned guidance, economic levers, information transmission, policy readjustment, and legal guarantee. [paragraph continues]

In accordance with the principle of "organic combination and tiered regulation" of the mechanisms of plan and market, we must gradually bring about tiered management of macroeconomic control and arouse the enthusiasm and sense of responsibility of large and medium-sized cities for properly conducting macroeconomic control. The province must effectively guide and manage and reasonably control macroeconomy. At present, we must continue to strengthen macroeconomic control and management of investment activities, must not repeat previous mistakes, and must refrain from going in for grandiose projects. On the one hand, we must continue to solve or control such problems as arbitrarily expanding investment size, starting projects without authorization, and carrying out too many capital construction projects; on the other hand, we must reasonably concentrate the province's financial and material resources to strengthen investment in important strategic fields such as energy, communications, education and agriculture, and give more assistance to mountainous and backward areas.

Of course, concentration and its converse must be reasonable in the management and use of financial revenue and foreign exchange, and in management of import, export and capital construction. On the premise of not changing the current policy of one being responsible for one's finance and sharing foreign exchange earnings, we must strengthen supervision of finance and foreign exchange and management of tax collection and must appropriately increase the province's financial strength. By such means as enlivening financial markets and issuing shares and bonds, we must raise funds through various channels so as to ensure the construction of large and priority projects in the province.

The conference put forth the guiding principles for the province's economic construction during the Seventh 5-year Plan, namely, actively upgrade the Zhu Jiang Delta area; speed up the development of coastal areas; and vigorously support old revolutionary base areas, minority, mountainous, remote, and poor areas. This is an important strategic policy decision. During the Sixth 5-Year Plan, the Zhu Jiang Delta area rapidly developed its economy and took the lead in moving toward the comparatively well-off level. But in the other two-thirds of the province, especially in mountainous and remote areas, the economy developed slowly and the gaps have been widened. Some areas have not yet gotten rid of poverty, thus restricting the economic development of the whole province. Therefore, in the future, we must, while making continued efforts to upgrade the economic level of the Zhu Jiang Delta area, speed up economic development in coastal, mountainous, and backward areas. We must reasonably concentrate financial, material, and human resources to support the development of coastal and mountainous areas; set up some enterprises in a planned way; develop production; and boost economy. In particular, we must help poor areas develop economy, get rid of poverty, and become rich. Only with economic take-off in these areas can the province's economy make a new and continuous development and scale new heights.

HENAN LAUNCHES PRODUCTION, ECONOMY DRIVE

HK300852 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 27 Jan 87

[Text] HENAN RIBAO today frontpages the decision of the Henan provincial party committee and people's government on launching a drive to increase production and practice economy and to increase revenue and limit expenditure.

The decision points out: Waging arduous struggles and building the country through thrift and hard work is a glorious tradition of our party and people as well as one of our basic principles for socialist construction. Over the years, this principle has given great impetus to our economic construction.

However, we must realize that there is great potential as well as enormous waste in the spheres of production, construction, and circulation. In some units and localities, the practice is not opposed, it will hinder further development of reforms and adversely affect the development of the commodity economy. At the same time, it will also prevent the party's work style and social conduct from taking a turn for the better. For this reason, the provincial party and government have decided to immediately launch a drive to increase production and practice economy, to increase revenue and limit expenditure, and to fight extravagance and waste in an all-round and deep-going way in all trades and professions throughout the province.

The provincial party committee and government call on party members, CYL members, workers, peasants, cadres, and intellectuals of the province to develop the glorious tradition of waging arduous struggles and building the country through thrift and hard work and throw themselves into the drive with deeds to make notable contributions to rejuvenating Henan's economy.

First, we should enormously increase the production of readily marketable commodities to increase output and income.

Second, we should improve management and the quality of products, cut consumption, and achieve better economic results. This year, industrial and transport enterprises are required to reduce the production cost of comparable products by 2 percent, mainly by means of cutting the consumption of raw materials and lowering public management fees. Commercial and grain enterprises should also cut their circulation expenses by 2 percent. Departments at various levels should set these economic and technological targets to enterprises and establish the responsibility system of different levels to guarantee fulfillment of the task.

Third, we should enliven commodity circulation, promote marketing, speed up commodity and capital turnover, and strengthen the work of marketing overstocked products by carrying out reform in depth and bringing the initiative of enterprises and workers and other employees into full play. First of all, we must make good use of advantages of state-run commerce, supply and marketing cooperatives, and materials and equipment departments, all of which have wide business connections, to open up markets and expand marketing circles. Second, enterprises should set up special groups to promote marketing by all possible means. Third, low-quality or outdated products can be sold at lower prices or be reproduced. Regarding unmarketable products that have incurred heavy losses, we should resolutely suspend their production or change production to other products. If products are overstocked due to confused orders, those who issue such orders must be made to bear the economic responsibility.

Fourth, efforts must be made to make up deficits and increase surplus, reduce losses incurred due to implementation of policies, and eliminate operational losses. Losses of money-losing industrial enterprises and of money-losing products of profit-making enterprises should be reduced this year by 10 percent over last year. Commercial and grain supply enterprises should make up deficits by 20 percent. Departments at various levels should exercise their leadership over making up deficits by means of the responsibility system. Most enterprises that have incurred operational losses should make up their deficits within a definite time this year.

Fifth, taxation must be strengthened by means of the law and appropriate measures must be taken to collect all funds that should be collected.

Sixth, we should tighten control over investment of fixed assets and curtail nonproductive construction projects. To achieve this, we must carry out the principle of preserving budgetary construction projects while curtailing nonbudgetary ones, preserving key state construction projects while curtailing less important ones.

Seventh, we should curtail financial outlays and vigorously economize on administrative expenditures. Except for expenses necessary for price subsidies, pensions for the disabled or families of the deceased, and social relief facilities, all other financial outlays — including expenditures on culture, education, science, and public health; expenses in improving the water supply in rural areas; and administrative expenditures — should be cut by 10 percent on the basis of last year's budget. In making this year's budget, this percentage should be deducted from the base figures and included in the state revenue. We must strictly tighten control over staff recruitment. Financial departments should not allocate any public funds to overstaffed personnel but pay wages to them. Units that badly need to increase staff can solve the problem by redistributing their existing administrative cadres. Strict control must be exerted over group purchasing power. Except for newly established units, this year no party or government organization at any level, as well as institutions financed by state-allocated funds, is permitted to buy any type of car, van, or other vehicle. Except for hotels for foreign visitors and some special units, no other unit is allowed to buy new sofas, carpets, color television sets, air conditioners, and other high-grade consumer goods. All goods bought without authorization should be confiscated and the leaders concerned should be made to bear responsibility.

Eighth, all types of subsidies should be readjusted in order to curtail financial outlays.

Ninth, we should advocate hard work and plain living, spread the idea of building our country through diligence and thrift, and fight extravagance and waste.

Tenth, we should strengthen supervision and examination to enforce financial discipline.

The decision concludes: None of the above runs counter to carrying out reform in depth and enlivening enterprises; they supplement each other. The task of increasing production and practicing economy as well as increasing revenue and economizing expenditure can be achieved only in the course of carrying out reform, opening up to the outside world, and enlivening enterprises. Departments and units at all levels should adopt effective methods and measures in line with their actual conditions and apply them in earnest. Propaganda departments and the press should actively spread the idea of waging hard struggles, building our country through diligence and thrift, making greater contributions, strictly observing discipline. They should commend the advanced collectives and individuals emerging from the activities of increasing production, practicing economy, increasing revenue, and limiting expenditure. The people of our province must go into action immediately to carry on the fine tradition of increasing production, practicing economy, and building our country through thrift and hard work to display their wisdom and do their part in rejuvenating Henan's economy.

HUBEI LEADERS CELEBRATE SPRING FESTIVAL

HK300325 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 29 Jan 87

[Excerpts] This morning, responsible comrades of the party, government, and Army in Hubei, together with responsible persons of provincial departments, large factories and mines, and tertiary education institutes, and people of various sectors, totalling 2,000 persons, gathered in the Hongshan Hall in Wuchang for a grand provincial Spring Festival celebration.

Guan Guangfu, secretary of the provincial party committee, extended festival greetings to the participants on behalf of the provincial party committee and government. [passage omitted] He said: In the new year we must seriously study and resolutely implement the spirit of the enlarged meeting of the CPC Central Committee Political Bureau and the national economic work conference, and unswervingly continue to implement the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee. We must conduct extensive and deepgoing education in upholding the four cardinal principles. On the political and ideological front, we must take a firm and clear-cut stand in launching the struggle to oppose bourgeois liberalization, and maintain a high degree of ideological and political unity with the CPC Central Committee. In economic construction, we must deepen reform in the enterprises, launch a drive to increase production and practice economy and increase revenue and economize expenditure, and strive for an all-round improvement of economic results. We must ensure the continued development of economic construction.

NPC Standing Committee Vice Chairman Wang Renzhong attended the gathering and spoke. He wished everyone success in study and work. [passage omitted] Present at the gathering today were Guo Zhenqian, Zhao Fulin, Wang Qun, Qian Yunlu, Li Haidong, Liu Qizhi, and Ding Fengying, responsible comrades of the provincial party committee. [passage omitted]

HUNAN RADIO SAYS INTELLECTUALS SHOULD NOT FEAR

HK010215 Changsha Hunan Provincial Service in Mandarin 2300 GMT 31 Jan 87

[Station editorial note]

[Text] In the wake of the gradual implementation of the party's policies on intellectuals, respect for knowledge and talent has formed into a mood. The important role of the intellectuals as a part of the working class in the four modernizations is being demonstrated more and more. The pace of economic construction in Changsha City has speeded up, as a result of the city party committee's and government's reliance on this vital force. This experience should be referred to throughout the province. However, at present some people are worried and frightened that opposition to bourgeois liberalization might turn into a movement to punish intellectuals, and that the intellectuals will suffer again. We hold that this worry is unnecessary. Party and state leaders Zhao Ziyang and Li Peng have recently reiterated that the party's policy on intellectuals will not change. In fact, to trust, cherish and care for the intellectuals is a long-term guideline for economic construction laid down by the 3d Plenary Session of the 11th CPC Central Committee. What we oppose is total Westernization, pursuit of capitalism in China, and other erroneous remarks spread by Fang Lishi and others, which violate the four cardinal principles. We fervently hope that intellectuals with aspirations will, as always, contribute their wisdom and talent to the four modernizations drive and make still greater efforts to invigorate China.

HEBEI'S XING CHONGZHI ON TOWNSHIP ENTERPRISES

SK310430 Shijiazhuang HEBEI RIBAO in Chinese 13 Jan 87 pp 1, 3

["Excerpts" of a speech by Xing Chongzhi, secretary of the Hebei provincial party committee, made at the provincial on-site meeting on 11 January to exchange experiences in the work of township enterprises: "Conduct Reform, Blaze New Trails, and Do Real and Solid Work"]

[Text] The provincial party committee and the provincial government held this meeting as a new year begins in order to further emancipate the minds, implement the policy of opening to the outside world to enliven the domestic economy, accelerate the pace of the development of town and township enterprises in the province, and expand the step for making the rural areas rich. Now, I will set forth some viewpoints and opinions in line with the situation and experiences of Qinghe, Lixian, and Baxian Counties in the development of town and township enterprises.

1. The situation in the development and improvement of town and township enterprises is gratifying.

Qinghe, Lixian, and Baxian Counties have made rapid progress in the development of town and township enterprises over the past few years although they are different in terms of their economic conditions, pillar trades, and ways for developing town and township enterprises. These three counties have a good situation in the development of town and township enterprises. The changing situation is gratifying.

Village and township enterprises are spreading all over and family-based industry is springing up everywhere. Township and village-run enterprises, enterprises jointly run by several households, and household-run enterprises have been developed simultaneously. Collective enterprises have upgraded their capacity. The ownership of small enterprises has been expanded to households. The distribution and number of enterprises is getting larger and larger. In particular, rapid development has been made in household-based industry.

Production is developing toward an orientation in which enterprise groups are organized to engage in specialized production. An orientation of coordinated service is being formed. There has emerged a large number of communities where each is organized by several natural villages and engaged in specialized production with the focus on a product.

Lateral economic cooperation is gradually developing from a temporary, unstable, initial stage to a long-term, stable, and high-level stage. The channels, forms, and fields for conducting lateral economic cooperation are getting increasingly broader. Such production factors as capital, materials, equipment, skilled persons, and technologies have rationally been circulated.

Competitive capacity has been enhanced and marketing fields have been expanded thanks to attending to market information, accurately grasping market demands, upgrading product quality, and developing name-brand and quality products. At present some of the products made by the town and township enterprises in these three counties are not inferior to those made by large urban enterprises in terms of their quality. Some products have been awarded by the province and ministries. Some not only sell well on the domestic market but also enjoy the trust of foreign businessmen, and some have entered international markets.

Viewing the situation of these three counties, we came to realize that along with the flourishing development of town and township enterprises, the rural economy has become more vivid and vigorous and a change of far-reaching significance has taken place in the entire rural society.

First, the rural economy has been enlivened thanks to the development of town and township enterprises. Notable changes have taken place in the rural industrial structure along with the development of town and township enterprises. Revenue has increased by a large margin and the living standards of the peasants have notably improved. The proportion of the output value realized by the town and township enterprises in these three counties in the total rural social product is expected to increase from 46 percent in 1983 to 75 percent in 1986. The revenue handed over to the state by these counties in 1986 is expected to increase by 71 percent over that of 1983. Of this, taxes handed over by the town and township enterprises in these three counties are expected to account for 61 percent of the total revenue. The per capita income of the peasants in Lixian County increased from 384 yuan in 1983 to 650 yuan in 1986, that in Baxian County increased from 354 yuan to 630, and that in Qinghe County increased from 202 yuan to 557 yuan. These figures reflect that profound changes which never occurred in the past have taken place in these three counties in terms of their rural economy and people's livelihood. Changes are taking place in the peasants' image and the rural appearance as well as in the development of town and township enterprises.

Second, a way has been pioneered to employ surplus rural laborers on the spot along with the development of town and township enterprises. There are 650,000 rural laborers in these three counties. The town and township enterprises of different levels in these three counties have employed 300,000 laborers over the past few years. They need not go to the urban areas but can work at plants. They can do their farm work in addition to engaging in industrial production and engaging in business. This not only helps increase the entire rural labor productivity, promote intensive farming, and create more wealth for society, but also helps facilitate the development of small towns in the rural areas. Economic and cultural centers jointly organized by several villages have been set up in some localities. The rural areas initially have good prospects for development.

Third, the development of township enterprises has raised the peasants' ideological and cultural standards and cultivated a great number of persons who have a good grasp of technology and are good at management. More and more peasants have greatly enhanced their sense of time, efficiency, markets, competition, and information in their practice to plunge into the commodity economy. At present many people are busy all day inquiring about information, seeking the projects they can undertake, signing contracts, and engaging in business to open up the avenues for prosperity. In the vast sea of the commodity economy, the masses of peasants have learned to master skills and knowledge and increase their ability, and a great number of socialist peasant entrepreneurs have emerged. Harboring lofty ideals, they have courage and knowledge, have made explorations actively, and have striven to achieve progress, not only being the first ones to achieve prosperity, but also leading others to do so.

Fourth, the development of township enterprises has not only instilled new vigor into the rural economy, but also provided beneficial experiences to the reform of the urban economy. Township enterprises of various forms of ownership and operation are a new thing emerging in the course of rural reform, and are a great undertaking pioneered by peasants in their practice. [paragraph continues]

The development of the township enterprises in these three counties shows that township enterprises, representing various branches of industries and various sectors of the economy, have eliminated the past pattern of industry developing in urban areas and agriculture in the rural areas, and the operational method of carrying out processing on the spot, and integrating industry with agriculture and cities with the countryside, manifesting their great vitality. The present stock system, contract system, leasing system, the system of deciding on the plant director or manager's salary on the basis of his efficiency, the system of allowing salesmen to share a proportion of their sales volume, and the piece rate wage system of workers enforced by township enterprises are all systems with new characteristics. They will play a tremendous role in promoting the entire economic structural reform.

The profound changes in the rural economic and social development of these three counties convincingly prove that developing township enterprises is a breach through which to rejuvenate the rural economy, an important way to make the countryside prosperous at an early date, the only way to build a socialist, modern, new countryside, and a powerful motivating force for rural social development. Therefore, we should regard township enterprise development as a strategic focus of the economic construction of our province.

2. Be Brave To Reform and Create the New

One of the fundamental experiences for the township enterprises of these three counties that grew continuously under difficult conditions and expanded rapidly amid acute competition of markets, is that they have proceeded from reality persistently, abided by the objective law governing the development of the commodity economy, made explorations conscientiously, achieved progress vigorously, and had the courage to reform and create the new.

First of all, they strove to free themselves from the shackles of traditional ideas and foster new ones corresponding to the development of the commodity economy. The concept of small-scale peasant production established during several thousand years of the natural economy characterized by self-sufficiency, and the "leftist" ideas compatible with the old economic system established over the past several decades have been pounded by the rural reform and the development of the commodity economy, but are still posing an ideological obstacle to the development of township enterprises. It has been precisely through eliminating the series of traditional ideas that the three counties have achieved vigorous development of their township enterprises. Without shattering the shackles of outdated concepts, such as the "theory of the unique importance of class origin," and "large-scale equality," it would have been impossible for Qinghe and Lixian Counties to extensively develop cottage industries with their own characteristics. Without abandoning the old systems and ideas that set barriers between the urban and rural areas and between different regions, it would have been impossible for Baxian County to develop its township enterprises on such a scale as today within a few years. Without eliminating the narrow field of vision of taking agriculture as the foundation and emphasizing agriculture while restricting commerce, it would have been impossible for the three counties to establish a mighty contingent of salesmen composed of 70,000 to 80,000 peasants and to produce several hundred peasant entrepreneurs. Without fostering new ideas on talented people, it would have been impossible to discover, support, and use a number of "able persons" with courage and knowledge emerging in the development of the commodity economy, and regard them as examples of new types of peasants. Without eliminating the idea of small-scale peasant economy characterized by "avoiding risks to seek safety," and "feeling content with small wealth," it would have been impossible for peasants to develop commodity production in both range and quality and press forward with indomitable will on the road leading to prosperity, and to achieve a high level of management, such a large scale, and good economic results. [paragraph continues]

In the transformation of the rural areas, we say that the popularization of the household contract responsibility system has seriously pounded outdated traditional ideas. The rising and expansion of township enterprises, and the change in peasants' work from farming, which they have engaged in for generations, to industrial production and business will have profoundly pounded the outdated traditional ideas. A change from a natural economy to a commodity economy, and from a traditional economy to a modern economy unavoidably requires a corresponding change in ideas. If we effect such a change in ideas successfully, the commodity economy will be developed rapidly. As far as the masses of peasants are concerned, such a change should be gradually realized in the practice of the commodity economy following the improvement in their scientific and cultural levels. As far as the masses of cadres, leading cadres in particular, are concerned, they should take more initiative in effecting the change more rapidly and profoundly.

Second, they have proceeded from reality to open up their own roads for township enterprise development. How township enterprises should be developed, and which roads they should take are important issues deciding whether township enterprises can be developed rapidly at present. All prefectures, cities, and counties have conscientiously studied the issues and made explorations over the past 1 or 2 years. People have come to understand more and more clearly that no matter which road they take, they should proceed from their own reality, suit their measures to local conditions, and refrain from copying those of others and seeking uniformity. The development of the township enterprises of Baxian, Lixian, and Qinghe Counties is a successful embodiment of the realistic spirit of proceeding from reality in developing one's own road. Baxian County's experience is to take township and village collective enterprises as the key to lead thousands of others, and to carry out lateral cooperation with urban large enterprises, colleges and universities, and scientific research units in expanding their scales, and producing brand-name products to be sold on Beijing and Tianjin markets. Lixian County's experience is to take household operation as the foundation, key enterprises as the pillar, specialized markets as the support, and peasant salesmen as the bridge. The experiences of Qinghe and Lixian Counties have many areas in common, both being based on cottage industries, but they have their own key enterprises, and their production, circulation, and cooperative service organizations also have their own characteristics. Different in geographical environment, traditional advantages, resources, historical courses of economic development, and quality of laborers, all counties should not follow the same pattern in developing township enterprises. The practice of Baxian, Qinghe, and Lixian Counties shows that in proceeding from reality and blazing a correct road for township enterprise development, we should first respect the desires of the masses, and second, respect the objective law governing economic development, which are in total conformity with each other. Baxian County's taking township and village collective enterprises as the key is because it has not broken up the original village-run enterprises and merged them with others when signing land and output contracts, showing respect for the desires of the masses. These enterprises already had a certain foundation at that time; their cadres possessed certain operational and managerial abilities; and they made the best use of their geographical advantage of adjoining Beijing and Tianjin, and of the economic readjustment, thus becoming capable of consolidating and expanding themselves rapidly. Areas with poor economic conditions, which lack the foundation for village-run collective industrial and sideline production, will have more difficulty in developing collective enterprises. Comrades of Lixian and Qinghe Counties discovered that cottage industries, which had always been unspectacular, were developing silently in homes of some peasants, and were fairly successfully. After thorough investigations and study, they conscientiously analyzed the advantage of cottage industries and, following the desires of the masses, decided on the road of developing cottage industries.

Judging from the present situation, when we are learning from the experiences of the three counties, we should pay attention to the cooperation of the existing township and village collective enterprises to expand their scope, bring in talented people to help them improve quality, and instill vigor into them for further development just like Baxian County has done. Meanwhile, all localities should accelerate the development of cottage industries. Areas with a weak economic foundation in particular should all the more regard cottage industries as a focus. Because cottage industries require minimal investment, can yield quicker and better results, and are flexible and more capable of adapting themselves to changes and influencing each other. Once one household becomes prosperous, several households and even the whole village will become prosperous, and specialized villages, townships, or markets will be established very rapidly.

Third, they have created a relaxed climate for township enterprise development. Township enterprises have been established and have grown in very difficult circumstances. At present, although political and economic environments for township enterprise development are very different from those in the past, traditional prejudices and habitual forces still exist, some people have yet to completely eradicate their lingering fears and ideological misgivings, pressure is created by public opinion, and restrictions are set by some departments. These hinder the sustained, stable, and sound development of township enterprises. A very important reason for the rapid and sound development of the township enterprises of Qinghe, Lixian, and Baxian Counties is that their party committees and governments have carried out reform and persistently, created the new formulated a series of policy regulations to relax control and enliven the development, paid attention to their implementation, and provided an environment in which township enterprises can develop rapidly.

The ideological and political fields have paid attention to the great significance of propaganda and the development of town and township enterprises in enlivening the rural economy, promoting integration between urban and rural areas and building socialism with Chinese characteristics. They have helped some people in society eliminate their prejudice against town and township enterprises. In particular, they have fully affirmed the positions and functions of family-based industry. Qinghe County has publicly redressed persons who wrongly were criticized and handled during the time of "cutting the capitalist tail" and restored their reputation. It effectively dispelled the people's misgivings. These three counties have paid attention to upgrading the social status of "able" and professional personnel who take the lead in seeking wealth and have commended a group of peasant entrepreneurs with knowledge and ability in management. These counties have vigorously supported the peasant entrepreneurs' spirit of doing pioneering work, have helped them eliminate their worries and difficulties, have encouraged them to enthusiastically guide the people to seek wealth, and have boldly promoted a group of peasant entrepreneurs with enthusiasm for guiding the people to seek wealth to village leading bodies. While correcting unhealthy practices and dealing blows to economic criminal cases, they paid attention to drawing distinctions in accordance with the policies and timely conducted ideological work among the masses in order to eliminate their misgivings.

These three counties have paid attention to giving the necessary support and preferential treatment to the town and township enterprises in terms of taxation, credits, industrial and commercial management, economic cooperation, and supply and marketing channels. At present some of our comrades, while doing their practical work, often adopt old methods of conducting unified management of state enterprises to exercise overly rigid control over enterprises instead of supporting and enlivening them. Some departments arbitrarily set up centers to cause difficulties for town and township enterprises, and some arbitrarily apportioned expenses from these enterprises to increase their burden. [paragraph continues]

In order to solve these problems, last year the provincial government issued "Regulations on Enthusiastically Supporting the Development of Town and Township Enterprises." All localities generally reflected that this document embodies the principle of relaxing policy restraints and enlivening the economy. However, some localities kept only the reduced portion of the revenue which the town and township enterprises did not pay after they enjoyed tax reduction and exemptions, but not the increased portions which were handed over by these enterprises after development. They only paid attention to the short-term interests and neglected long-term interests so that they failed to thoroughly implement the regulations of the provincial government. Baxian County has provided us with good experiences with regard to solving these problems. The county carried out preferential taxation policies among the town and township enterprises from last year. According to the original estimation, about 5.6 million yuan in taxes should have been reduced after relaxing policy restrictions among collective enterprises at township and village levels, increasing their production costs, and incorporating their before-tax funds into relevant budget items. In fact, the taxes handed over by the town and township enterprises did not drop but increased by 55,000 yuan over that of 1985. Langfang Prefecture was originally estimated to drop more than 20 million yuan in taxes. But in fact, the taxes increased by more than 20 million yuan over that of 1985. Thus, we must persist in the best plan of "first giving preferential treatment to the town and township enterprises if we have a desire to gain anything from them." Town and township enterprises should increase their income through developing production, and cultivate and conserve sources of taxation in order to realize a benign cycle in tax revenues.

Fourth, they have improved management and operations and have further enhanced the enterprises' inherent vitality. The town and township enterprises are developing under a new environment and conditions. Viewing the overall provincial situation, we came to know that at present some enterprises still lag behind in terms of their management and operation levels, and some enterprises' economic results are not high enough. Thus, continuing to upgrade the enterprises' management and seeking high economic results through upgrading management levels is a matter of prime importance in the development of town and township enterprises. These three counties have inspired us in this regard. The prominent characteristics of the management of the town and township enterprises in these three counties are as follows: First, they closely linked the enterprises' economic results with the interests of the cadres and the masses. They did not stick to old patterns and methods of management. Township and village collective enterprises in Baxian County have generally carried out a collective contract system, a system of division of above-quota profits, a system of linking plant head's wages with the plant's economic results, and a system of piecework wages for staff members and workers. By implementing these systems, those who do more work can earn more money. Thus, plant heads, staff members, and workers have been inspired with enthusiasm for management and production. Second, the town and township enterprises in these three counties have paid much attention to bringing in skilled persons and technologies from other places, upgrading product quality, and stressing a good reputation. Over the past few years they have invited more than 1,900 engineers and technicians from other places and have cultivated a large number of personnel with technological and management knowledge. In line with the markets' changing demands, they have adopted flexible management methods of "making products which others do not make, making products with a quality superior to those of others, offering cheaper products with quality equal to those of others, and switching to the production of other products if the prices of the products made by others are cheaper to ceaselessly upgrade the quality of products and enhance their market competitiveness. [paragraph continues]

Baxian County's Zhuangai Casting and Molding Plant, which was built to manufacture parts for Beijing's Bailan and Baiju Washing Machine Plants, has advanced equipment, offers quality products, and renders good service. Thus, the plant has changed its position from being not able to depart from others to being needed by others all the time. The third is that they have gigantic contingents of purchasing and sales personnel. This is the key to invigorating township enterprises. Without a planned supply of raw materials and a unified purchase and guaranteed marketing of their products, township enterprises rely totally on market regulation, and decide on their production on the basis of marketing. Amid acute competition, the skills of the purchasing and sales personnel become the lifeline of township enterprises. They not only purchase raw materials and sell products, but also inform enterprises of market information, find out new technology and avenues for production in other localities, and provide enterprises with patterns and variety for their production in a timely manner, and even the directions and goals for their production changes. The purchasing and sales personnel have become a vigorous force in current commodity production. Generally speaking, the directors and managers of the township enterprises at Baxian, Lixian, and Qinghe Counties began life as purchasing or sales personnel, and still regard marketing as their major task even after they are promoted to directors or managers. This is one of the important reasons for the vitality and vigor of their enterprises.

3. The Important Thing Is To Pay True Attention and Do Solid Work

The three counties have been able to make a great step forward in township enterprise development every year during the past few years because they have chosen the roads they would take and have paid true attention to and done solid work for them with resolute efforts. Their practice shows that more efforts should be put into paying "true" attention and doing "solid" work. What have they done to ensure this? In my opinion, they have done the following: First, leading members of their party committees and governments have a strong sense of responsibility for leading the people in achieving prosperity. Dan Lianzhuang, secretary of the Qinghe County party committee, said: "I feel ashamed when I see that the peasants are not rich." Members of the leading bodies of the Lixian County party committee and government made a determination that "they will make a good beginning in 1 year, achieve prosperity in 2 years, and deem themselves unqualified as cadres if they fail to achieve prosperity in a few years." Comrades of Baxian County put it well: "Make an area prosper during one's term of office, and do not eat and sleep at ease when the masses are not prosperous." It is exactly because they have such a strong sense of responsibility and have seen the masses; soaring enthusiasm for developing township enterprises that they are able to think what the masses are thinking, do what they are urged to do, include township enterprise on the agenda of their party and government leaders, and make their party secretaries and county magistrates devote a great amount of energy and time to their development. Following unified plans and arrangements, leading members have clearly divided the work among them, with everyone shouldering his own responsibility, paid great attention to key measures, and eliminated difficulties for township enterprises to develop. In practical work they do not feel satisfied with holding meetings, giving speeches, or issuing documents. They have visited villages, households, and plants to become familiar with the situation, given heed to the opinions and voice of grass-roots cadres and people, summed up the experiences of the masses, and made the best use of the situation to popularize the experiences. They have made friends with peasant entrepreneurs and salesmen to learn about the situations of their own counties and the information of other localities, and hear opinions and suggestions. Leading comrades of the Lixian County party committee and government organized and led the responsible comrades of relevant departments to conduct appraisals of the projects which require little investment and can yield quicker results to be undertaken by township enterprises in townships and villages for more than 70 days. They have made sure more than 10 million yuan of funds are supplied for the 91 projects covered by the "Spark Plan." [paragraph continues]

Their down-to-earth, highly efficient and quick-tempo work styles are indispensable to the developing of the commodity economy. The reason why some localities fail to start the projects they want to start is exactly that they lack such a spirit and work style, discuss without reaching decisions, make a decision on many issues they have noted and raised without carrying it out, and pass the buck to each other, resulting in delay in their work.

Second, efforts should be made to organize and mobilize the departments to make concerted efforts to do a good job in serving the drive of developing township enterprises. Town-run enterprises are comprehensive industries. As for the methods of how to bring into play the enthusiasm of the departments of planning, material supply, industry and commerce, tax revenue, banking, communications, and post and telecommunications in supporting the development of township enterprises, and of how to have them coordinate well to form a collective force in supporting the development of these enterprises, the experience gained by the three counties has revealed the following three tasks: First, efforts should be made to have various departments foster service ideas and discern their own duties that are to serve economic construction, the grass-roots-level units, and the people. If they fail to render service for these purposes, they will lose the significance for their existence. Therefore, the work of these departments should be firmly based on the center of economic construction and they should consciously gear their work to the service of having rural villages become wealthy. They should render services to every village and household in a down-to-earth manner. Second, the county party committees and governments should assign tasks to these departments, establish the system of having leading cadres be responsible for the work targets, and have the departments be responsible for the work at the village level and the cadres be responsible for the work among the households in order to help every village and household open a way of becoming wealthy. The three counties have found that only by having leading personnel of the party and government organs clarify the tasks can these departments feel responsible and can these cadres realize the pressure. Only by realizing the pressure can they turn the pressure into motivating forces, and by having motivating forces can they produce vigor. Third, efforts should be made to appraise the work done by the departments in line with their results scored in services. We should adopt ways and means to commend those who have rendered outstanding services and scored marked achievements in service and to criticize or conduct education among those who have disputed over trifles or made things difficult for developing township enterprises. As to the departments who have committed serious mistakes in this regard, we should give adequate punishment to their leading personnel concerned. The practice adopted by these counties in supporting the development of township enterprises has resulted in the progress of economic work and the administrative invigoration among these departments. The departments of banking, tax revenue, post and telecommunications, and township enterprise administration in Qinghe County have already become advanced in rendering services. The county Township Enterprise Administrative Bureau has set up six specialized companies that have made active contributions to enlivening the township enterprises by rendering services to the six key industries and trades among the peasants in the fields of supply and marketing, shipping consignment, remittances, accounting, and loans or installments. These companies have been highly praised by the masses.

Third, efforts should be made to bring into full play the role of the broad masses of cadres and party members at the grass-roots levels in taking the lead in developing township enterprises. A host of facts scored by the three counties have proven that after clarifying the orientation of becoming wealthy, the way of how to enable the vast number of people to take the road of becoming wealthy lies in the rural party organizations at the grass-roots levels that earnestly grasp the work and on the broad masses of cadres and party members who take the lead in the work. The experience gained by the three counties has revealed that the important key to achieving true and practical results in the work lies in making all-out efforts to build leading bodies at the township and village levels. [paragraph continues]

Efforts should be made to assign cadres who possess the idea of serving the people wholeheartedly and developing the commodity economy, and the capability of organizational management, and who are in the prime of life, to the posts of party secretary. The township party committees should vigorously grasp the building of party branches. The principal staffers of village party branches should have the idea of serving the people wholeheartedly and developing the commodity economy and should know well business and managerial principles. Only having both ideas can they be regarded as being full of ability with political integrity.

The other common experiences gained by the three counties in developing township enterprises is to adopt ways and means to conduct propaganda work among social circles at all levels, such as holding report meetings of experts and professors on scientific and technological information, advertising in newspapers in order to attract specialists to teach technology, holding press conferences and trade talks, setting up cooperative and coordinative systems, establishing various close links by making use of the relationship of the same native places, and issuing notices to mobilize the masses to make suggestions. After delivering a notice of the county government's "provisions" on actively encouraging the people to establish lateral economic associations, Baxian County whipped up an upsurge in the mass activities of establishing lateral economic associations for finding production objectives and further developing production. During the past few months the county signed 97 contracts on cooperative projects that may show a more than 100 million yuan increase of output value. It also signed supply and marketing contracts worth more than 400 million yuan. When they went out to do business or to visit their urban relatives, the youths and aged people of the three counties tried hard to ask for establishing production and technical cooperation or for assistance in increasing variety of new products. Facts have proven that only by mobilizing the masses can we find a road to becoming wealthy, achieve development each year, and certainly make further progress in developing township enterprises.

BRIEFS

BEIJING'S TAXATION FULFILLMENT -- As of 20 December 1986, Beijing Municipality overfulfilled the 1986 annual taxation plan 11 days ahead of schedule. Industrial and commercial departments handed over 5.74 billion yuan in taxes to the state, overfulfilling the annual target by 130 million yuan and showing an increase of 13.2 percent over the corresponding period of 1986. [Text] [Beijing BEIJING RIBAO in Chinese 3 Jan 87 p 1 SK]

BEIJING TOWNSHIP ENTERPRISES -- The total income realized by town and township enterprises in the suburban areas of Beijing Municipality in 1986 was expected to reach 6.04 billion yuan, an increase of 15.9 percent over that of 1985. The total industrial and agricultural output value realized by these enterprises was 4.45 billion yuan, an increase of 15.3 percent. [Summary] [Beijing BEIJING RIBAO in Chinese 8 Jan 87 p 1 SK]

NEI MONGGOL GOLD PRODUCTION -- In 1986, Wuchuan County in the Nei Monggol Autonomous Region showed a gratifying situation in gold production. Gold production in 1986 reached more than 3,500 liang, an increase of 43.35 percent over that of the previous year. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Feb 87 SK]

NEI MONGGOL SHEEP PROCUREMENT -- In 1986, the Nei Monggol Autonomous Region made notable achievements in procuring cattle and sheep. According to recent statistics released by the regional foodstuff company recently, the region procured 7.059 million head of meat goats in 1986, an increase of 13.04 percent over that of 1985; and procured 142,000 head of beef cattle, setting a record. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Feb 87 SK]

HEILONGJIANG SECRETARY OFFERS NEW YEAR GREETING

SK300140 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 28 Jan 87

[Recorded speech by Sun Weiben, secretary of the Heilongjiang provincial party committee, to extend greetings to the personnel working at their posts on all fronts during the lunar new year]

[Text] [Begin recording] On the eve of the lunar new year, when whole families joyfully gather together, on behalf of the provincial party committee and the provincial government, I first extend greetings and lofty respect to the ordinary comrades, leading cadres, scientific and technological personnel, voluntary workers, commanders and fighters of the PLA and the armed police forces, and people of all circles who are working at their posts during the festival days.

Thanks to your loyalty to your duties and arduous work, work in all fields and all activities are running well during festival days. You have created fine conditions for all the people of the province to joyfully spend the Spring Festival. Such a selfless spirit of being willing to work arduously for the sake of others' happiness and such a lofty style of understanding and taking into consideration the whole situation and being ready to be [words indistinct] heroes should be praised by all the people of the province. The people throughout the province express thanks to you.

Over the past year, the people throughout the province have made their due contributions to building the two civilizations, consolidating the political situation characterized by stability and unity, and developing the excellent situation through their united and vigorous efforts. During this new year, the ideological front should deeply launch, under the correct leadership of the party Central Committee, activities of adhering to the four cardinal principles and opposing bourgeois liberalism; and the economic front should continue achieving reform and launch activities of increasing production and practicing economy and of increasing revenues and cutting down expenses in order to ensure a sustained and steady development of the national economy. We should score new achievements in reform, opening to the outside world, and the building of the two civilizations in order to welcome the successful convocation of the 13th party congress. [end recording]

Finally, we wished the comrades who are standing fast at their posts and the people of all nationalities throughout the province a happy new year and joyful gatherings.

At Spring Festival Party

SK300406 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 29 Jan 87

[Text] This morning, the banquet hall on the first floor of Harbin's Beifang Building was filled with laughter. The 1987 Spring Festival gathering was held here by the provincial party committee and government. Party, government, and Army leaders of the province, Harbin City, and Songhua Jiang Prefecture; leading comrades of various provincial departments; and representatives from various fronts and circles sat around round tables to wish each other a happy new year over a cup of tea.

On behalf of the provincial party committee and government, Sun Weiben, secretary of the provincial party committee, extended new year greetings to the workers, peasants, intellectuals, cadres, PLA commanders and fighters, and people of various circles working on all fronts of the province, to compatriots from Taiwan, Hong Kong and Macao, and to the Overseas Chinese who had come to work in our province. He said in his speech: In the past year, upholding the four cardinal principles, and carrying our reform and opening to the outside world persistently, our province scored great achievements in the work in various fields. Despite serious disasters, we were able to restore agricultural production in 1 year and reaped an overall good harvest. Industrial production maintained a normal growth rate, and its output value showed a 7.5 percent increase over 1985. New progress was made in foreign trade and economic and technological cooperation. Foreign exchange earned through exports increased by 46.9 percent over 1985. We made a big step forward in domestic lateral economic cooperation, signing more than 6,000 contracts and agreements, with the total investment of some 600 million yuan. The actual living standards of the people in urban and rural areas improved substantially. Scientific, educational, and cultural undertakings developed continuously, democracy and legality showed further improvement, and social conduct and social order were good. In urban and rural areas throughout the province, a prosperous scene of vitality emerged to inspire the people to make progress.

On the task for this year, Sun Weiben said: In line with the call for five continuations issued by the enlarged meeting of the party Central Committee Political Bureau, and the guidelines of the enlarged plenary session and the work conference of the provincial party committee, we should persistently attend to the two civilizations simultaneously. On the political and ideological front, we should carry out in-depth struggle to uphold the four cardinal principles and oppose bourgeois liberalism. On the economic front, we should further deepen the reforms in various fields, launch activities to increase production and practice frugality, increase revenues and economize on expenditures, and realize a sustained and stable development in the national economy.

Present at the Spring Festival gathering were leading comrades of the provincial party committee, Advisory Commission, Discipline Inspection Commission, People's Congress, government, CPPCC Committee, PLA units stationed in the province, and the provincial Military District, including Sun Weiben, Chen Lei, Li Jianbai, Hou Jie, Wang Zhao, Li Genshen, Chen Yunlin, Liu Chengguo, Zhou Wenhua, Ma Chunwa, Wang Yusheng, Wang Yaochen, Zhu Dianming, Bai Jingfu, Huang Feng, (Wang Haiyan), Wang Luming, Zhang Xiangling, Zhang Lin, Wang Fei, Chen Yuanzhi, Lu Guang, Wei Zhimin, Wang Jinling, Liu Huixian, Wang Pili, Wang Zhaozhi, Wang Jun, Zhao Zhenhua, Zhang Ruoxian, Wang Lianzheng, An Zhendong, He Shoulun, Liu Zhongli, Jing Bowen, Li Rui, Bao Zong, Li He, Yang Zirong, Wang Weizhi, Guo Shouchang, Li Min, Fu Shiyang, Ma Xinquan, He Daoquan, Dong Yisheng and Shao Zhao; and provincial-level retired cadres, including Zhao Dezun, Wang Yilun, Chen Jianfei, and Xiao Yizhou.

JILIN SECRETARY ON SKILLED CADRES IN ENTERPRISES

SK030821 Shenyang DONGBEI JINGJI BAO in Chinese No 118, 17 Jan p 1

[Text] Gao Di, secretary of the Jilin Provincial CPC Committee, asked on many recent occasions for first-class skilled persons and the most excellent cadres to be sent to the enterprises.

Gao Di held: One of the reasons for the present laxity in the developing of economic work is because of the poor quality of enterprises' cadres. Therefore, we must mobilize and transfer the excellent cadres from universities and colleges, scientific research departments, and organs to enterprises. Plant heads must be among the best of cadres. [paragraph continues]

The most excellent cadres are designated to hold the post of plant head under the guidance of the plant head responsibility system. A handsome reward must be given to a plant head who has done a good job in managing an enterprise. No ceiling will be set on bonuses. The bonuses given to the plant heads can be several times higher than their basic wages. Enterprises are the foundation of our work. The key to developing the enterprises lies in skilled people. Therefore, we must send more skilled people to the enterprises.

Gao Di said: Among the party and the government leading bodies at all levels, most of the cadres have an intimate knowledge of agriculture, some of them have a knowledge of industry, and only a few of them are familiar with economic work and have the ability to make macroeconomic policy decisions. Economic work is regarded as a whole. We will accomplish nothing if we only grasp agricultural and industrial work. At present, a task of urgent importance is to transfer cadres with abilities in managing economic and industrial work to strengthen the leading bodies of the governments. All cities and prefectures should select and transfer such kinds of cadres to counties, while the province should select and transfer such kinds of cadres to the cities and prefectures.

What kinds of persons should we employ? Gao Di said: The enterprises and establishments should employ those who are able to earn money for the state and those who are able to promote undertakings. We must employ those who win victory in battle. What achievements can the cadres who suffer repeated defeats make? At present, when construction is being carried out, we should employ those who are able to manage economic work, manage the enterprises well, upgrade the enterprises' economic results, and make more contributions to the country. Why are those cadres with abilities not employed? Because some people with differing opinions do not employ cadres who have a few shortcomings. No one will be employed if we do not employ those people who have a few shortcomings. If we do not solve the problems in employment, nothing will be accomplished.

LIAONING RIBAO VIEWS PEOPLE'S DICTATORSHIP

SK031116 Shenyang LIAONING RIBAO in Chinese 21 Jan 87 p 1

[Commentator's article: "The Powerful Weapon of Protecting the People and Safeguarding the Four Modernizations Program"]

[Text] The "resolution" adopted by the CPC Central Committee on the guiding principles for building socialist spiritual civilization points out: "The people's democratic dictatorship is a powerful weapon for protecting the people and safeguarding the building of the four modernizations. In line with the law, efforts should be made to deal blows to all hostile elements who have brought damage to the country's socialist systems; to punish those who commit economic crimes and other criminals; and to prevent or ban all violations and criminal activities that have endangered the people, such as prostitution, drug addiction, gambling, and the sales of obscene videotapes and books." The recent incidents of student street demonstrations have again sounded the alarm. It is imperative for us to be good at applying the powerful weapon of the people's democratic dictatorship to expose or attack a handful of persons who have joined the masses to stir up trouble or to engage in sabotage in order to ensure a stable social climate for building the four modernizations, conducting reforms, and enforcing the policy of opening to the outside world.

As everyone knows, the people's democratic dictatorship includes the following two aspects: One is to ensure that the overwhelming majority of the population, the working class, are the masters of the country. The other is to exercise dictatorship over a handful of hostile elements who have brought about harm to socialism. Both of them complement each other, need close coordination, and are indispensable.

In building the people's democracy, we have thoroughly corrected the past "leftist" error since the 3d Plenary Session of the 11th CPC Central Committee, adopted various measures to ensure or expand the inner party democracy and the people's democracy, and have vigorously enhanced the building of socialist democracy and legal systems. Meanwhile, the party's current general task has clearly pointed out that efforts should be made to build China into a country with highly developed democracy. In systematizing and legalizing socialist democracy, we should also make all-out efforts in the future. Efforts should be made to enable the people to know about the democracy and the essential difference between socialist and capitalist democracy, and to master the method of correctly performing democratic rights. On no account should we leave the advocacy of the beautiful future of bourgeois democracy untouched and let the erroneous ideological trend of "three-party-tripod" run rampant. We must know that when exercising their rights and enjoying their freedom, citizens should not damage the interests of the state, the society, and the collectives, or the freedom and rights of others. Our measures for developing socialist democracy must be favorable to consolidating socialist systems, promoting the development of social production and other building undertakings, and to conducting reforms and enforcing the policy of opening to the outside world. By no means should we give the freedom of engaging in sabotage to the hostile elements who have endangered socialism.

In exercising dictatorship over our enemies, our party has absolutely stopped using the erroneous slogan of "taking class struggle as a key link" since the 3d Plenary Session of the 11th CPC Central Committee and has made all-out efforts to eliminate its influence while bringing order out of chaos. This has enabled the people to foster confidence in not taking class struggle as a key link in the future and not continuously launching "political movements." Meanwhile, our party has also repeatedly urged the people to still pay attention to the problems of class struggle. At the party's theoretical work conference in March 1979, Comrade Deng Xiaoping put forward that there still is class struggle and we must still exercise dictatorship over all elements who oppose socialism. The central work conference in December 1980 adopted a decision on criticizing the erroneous ideological trend running counter to the four cardinal principles and dealing blows to the counterrevolutionary activities causing damage to socialist undertakings. In June 1981, the 6th Plenary Session of the 11th CPC Central Committee adopted a "resolution" on several historical questions that have occurred since the founding of the PRC, which points out that it is imperative for us to maintain high vigilance and to wage effective struggle against elements who have adopted a hostile attitude toward socialism and engaged in sabotage activities in the fields of politics, the economy, ideology, culture, and social life. Our party has repeatedly elaborated that such ideology is in conformity with the reality of building socialist modernization. The programs of building the four modernizations and conducting overall reforms need a situation of stability and unity. To maintain social stability and unity, we cannot help but stress the method of exercising dictatorship over elements who have adopted a hostile attitude toward socialism. We should never forget that China is a socialist country led by the working class and based on the alliance of workers and peasants and is exercising the people's democratic dictatorship. Remember, when the people's democratic dictatorship was put forward prior to the founding of the PRC, the foreign bourgeoisie did not understand the "dictatorship" perfectly and once scolded our government as being "totalitarian." In criticizing this view, Comrade Mao Zedong made a very interesting statement in which he said that "as to the people who have won the victory, democratic dictatorship is like food and clothing and is indispensable at any moment. It is a good thing and is the magic weapons for defending ourselves and passing our tradition on to future generations. By no means should we give up such a magic weapon unless foreign imperialism and the domestic classes have been thoroughly and totally eliminated." This is precisely the reason why we have put the people's democratic dictatorship into the four cardinal principles that we must uphold and why we regard it as the magic weapon for realizing stability and unity, protecting the people, and safeguarding the program of building the four modernizations.

COMMENTARY ON U.S. TRADE DEFICIT, TAIWAN ROLE

OWO41431 Taipei CNA in English 1403 GMT 4 Feb 87

[Text] Taipei, Feb 4 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled: "The U.S. Trade Deficit."

The United States announced last week that its trade deficit for 1986 reached an unprecedented high of \$169 billion. That figure is up from the previous high in 1985 of \$148 billion.

Although the trade deficit figure for 1986 does not include a tally for trade in services, in which the U.S. is a major exporter, officials in Washington still expect the adjusted figure to be an all-time high deficit for the U.S.

The announcement was not all bad news, however. The U.S. Trade Office in the Department of Commerce also noted that the deficit began to slow in December, registering \$10.6 billion. It ran at more than \$15 billion average for each of the preceding months in 1986.

Trade officials in the U.S. said the figure came about almost entirely from fewer imports. And, U.S. officials are expressing cautious optimism that the trend will continue.

One major factor that contributed to the slower growth of the U.S. trade deficit is the extremely low value of the U.S. greenback against the Japanese yen and the New Taiwan dollar, not to mention the German mark. The dollar's decline in value in 1986 made American exports more attractive while making imports from Japan, the Republic of China [ROC] on Taiwan and West Germany more expensive, thus cutting back on U.S. orders from these major trade partners who contribute the lion's share of the U.S. trade deficit. The deficit with Japan alone in 1986 reached \$58 billion. It was almost \$16 billion with the ROC on Taiwan.

The unprecedented trade deficit has given rise to a tide of protectionist sentiment on Capitol Hill in Washington. The newly aligned democratically controlled Congress has promised that it will send a major trade bill to the White House whether President Reagan likes it or not. But the White House has responded by saying that it, too, will prepare trade legislation in 1987. So it seems very likely that the United States will take stronger measures this year to deal with its burgeoning trade deficit.

Meanwhile, at least one of the United States' major trade partners is not sitting still on the matter. The Republic of China on Taiwan, which just passed Mexico this week as the fourth largest exporter of goods to the United States, has been rushing to take measures of its own to help the U.S. lower its trade deficit.

In 1987, the Republic of China on Taiwan plans to take three steps in this direction. First, it will continue to oversee the appreciation of the New Taiwan dollar against the U.S. dollar. The readjustment of the New Taiwan dollar's value will be cut back on ROC exports and raise U.S. imports. Second, the ROC is quickly lowering or eliminating altogether tariffs on thousands of items imported from the U.S. This will make American products more competitive and attractive in the ROC market. And finally, the ROC will continue to liberalize its financial system, which will create more openings for competition in banking and other financial services from the United States.

All told, the U.S. trade deficit is a very serious matter, not only for the U.S. but for all her trading partners. Cooperation must prevail if protectionism, and a resultant trade war is to be avoided. The Republic of China on Taiwan is committed to doing its part to serve the interests of everybody involved, especially the United States.

TRADE EXPANDS WITH NON-EEC EUROPEAN COUNTRIES

OWO41031 Taipei CNA in English 1003 GMT 4 Feb 87

[Text] Taipei, Feb 4 (CNA) — The two-way trade between the Republic of China [ROC] and the non-European Economic Community (EEC) countries in the past year expanded by 19.6 percent to \$951.4 million.

According to trade officials, last year's total trade transactions with the non-EEC partners accounted for 11.9 percent of the nation's entire trade dealings with European countries worth more than \$8 billion.

The ROC shipped locally manufactured goods to the non-EEC traders worth \$452.4 million during the 12-month period.

Trade and economic officials disclosed that the export volumes to the non-EEC business sectors represented a boost of \$118.7 million or 35.6 percent larger than \$333.7 million recorded for the entire year of 1985.

Imports from the non-EEC suppliers tallied \$499 million, showing an increase of \$37 million or a growth of 8 percent compared with \$462 million conducted in the preceding year of 1985.

Among the top trading partners in the non-EEC region, Switzerland and the ROC engaged in export-import business totaling \$322.5 million, accounting for 4 percent of the country's total trade with Europe.

LIMITATIONS ON NEWSPAPER SIZE, NUMBER RECEIVED

HK050700 Hong Kong AFP in English 0655 GMT 5 Feb 87

[Text] Taipei, Feb 5 (AFP) — Taiwan said Thursday it is to review its press policy, a move that observers said could lead to the approval of new newspapers and allow local papers to exceed 12 pages.

In a statement, the Government Information Office [GIO] said Premier Yu Kuoahua had asked it to review policies covering the registration and size of newspapers "in a positive attitude."

There are 31 licensed newspapers in Taiwan, two of them English. No new ones have appeared in 35 years.

Mr Yu, who was speaking in the Legislative Yuan, or parliament, also called on the office to make "proper rules which would allow freedom of the press within the framework of their social responsibility."

"This is to help our press industry walk into a new and healthy information era, (as well as) to meet our need for more information in economic prosperity, educational and cultural development, and international activities."

Observers interpreted Mr Yu's remarks as a guarantee that the 12-page limit on the size of Taiwan newspapers, established in 1974, would be lifted, and that 1951 restrictions on the registration of new newspapers would be relaxed — potentially clearing the way for opposition politicians to begin their own titles.

Observers said the press policy review is part of a series of political reforms launched by President Chiang Ching-kuo since October.

The ruling Kuomintang party, which Mr Chiang chairs, has already announced its intention to abolish martial law and lift a ban on new political parties. Both measures have been in effect since 1949, when the party fled Mainland China.

The GIO has issued no newspaper licences since 1951 to avoid the spread of opposition voices and infiltration by the Mainland Communist Party.

The 12-page limit was initiated to avoid unfair competition in the newspaper industry, which had been dominated by two private companies, the UNITED DAILY NEWS and the CHINA TIMES.

Mr Yu said there is no "newspaper ban" as such in Taiwan.

He said the authorities "had only temporarily turned down registration of new newspapers and set the page limit...in order to create a healthy environment for the newspaper to develop and avoid unfair competition.

Most of Taiwan's newspapers are privately-owned, with a combined circulation of 3.7 million, or one copy for every five people, Mr Yu said.

The UNITED DAILY NEWS and the CHINA TIMES each claims a circulation of more than one million.

PRESIDENT CHAIRS KMT PANEL; ENCOURAGES MEMBERS

OW041451 Taipei CNA in English 1444 GMT 4 Feb 87

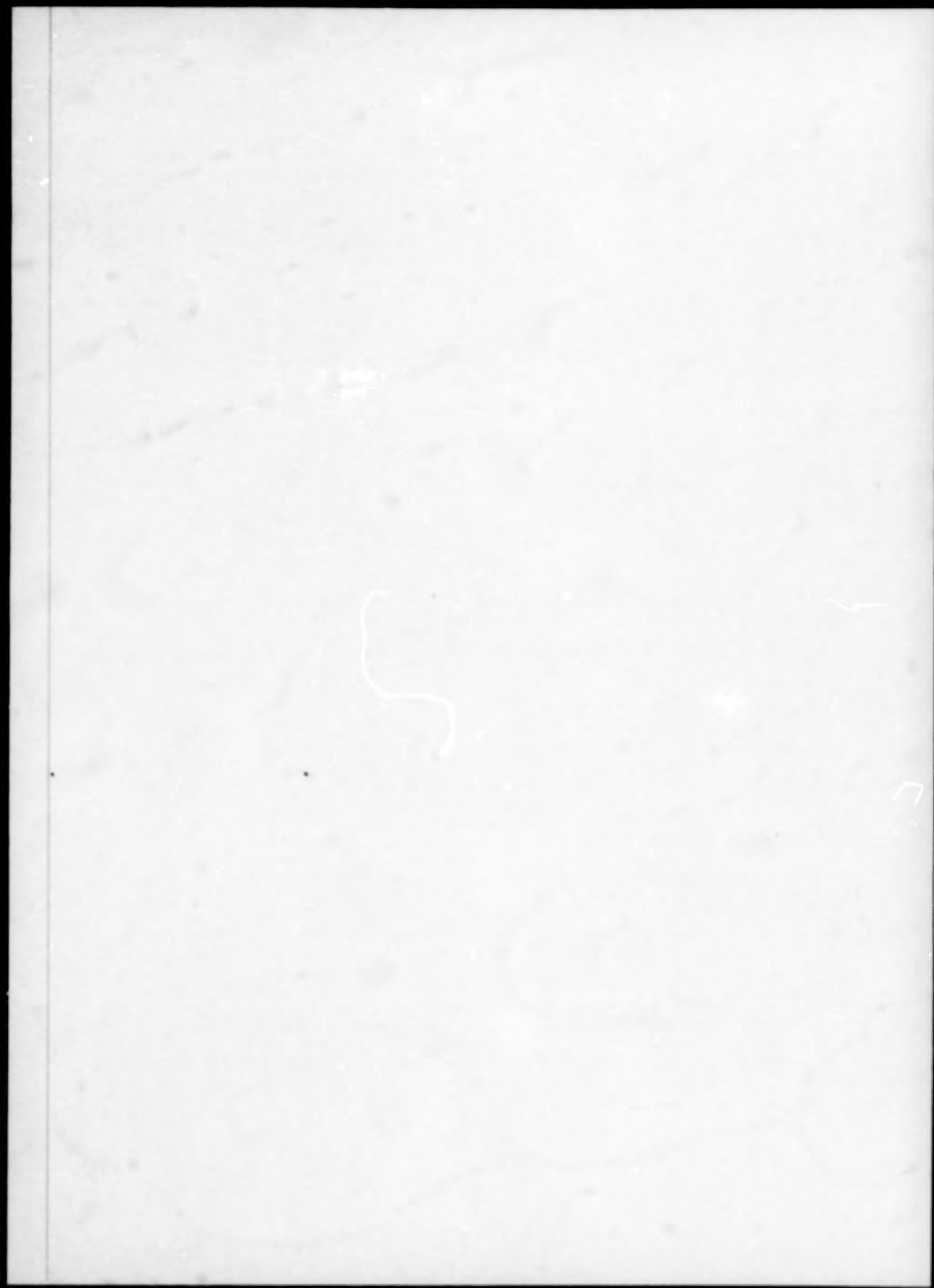
[Text] Taipei, Feb 4 (CNA) — President Chiang Ching-kuo, in his capacity as the chairman of the Republic of China's ruling Kuomintang, Wednesday called on party officials to continue their dedication in serving the people and promoting their well-being in the coming year, thereby attaining social progress and prosperity.

Chiang made the call while presiding over the first meeting of the KMT Central Standing Committee after the Chinese lunar new year.

He received a standing ovation from all members present as he stepped into the meeting hall. The members wished Chiang a happy new year, and he returned the same greetings.

During the new year holidays, scenes of prosperity and happiness could be seen everywhere in the country, Chiang said. The achievement is a fruit of the hard work of all citizens over the past year. It is a pleasant thing to see, he said.

He said he hopes that the ruling party will progress further and achieve more in the year ahead.



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